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CONTENTS

USSR-CMEA TRADE

Economic Aspects of CMEA Integration Analyzed (Various sources, various dates)	1
Book Review; M.S. Lyubskiy, et al.	
Economic Integration	
Long-Term Programs, by Yu. A. Konstantinov	
Multilateral, Bilateral CMEA Trade Reviewed (EKONOMICHESKAYA GAZETA, various dates)	37
Various Facets of Trade	
USSR-Bulgarian Trade, by I. Popov, V. Sviridov	
USSR-Hungarian Trade, by V. Polyakov	
Briefs	
Trade in Computer Equipment	54
Trade Agreement With GDR	54
USSR-GDR Cooperation Studied	54

TRADE WITH INDUSTRIALIZED COUNTRIES

FRG Officials Want To Continue Trade With USSR Despite U.S. Embargo (Yu. Popov; SOVETSKAYA TORGOVLYA, 15 Apr 80)	55
--	----

TRADE WITH LDC'S

Soviet Aid to LDC's, Socialist Countries Expanding (Various sources, 24 Jan, 24 Feb 80)	57
UN Industrialization Conference, by V. Zholobov	
Energy-Related Projects, by Yu. Kazamanov	

Briefs

USSR-PDRY Trade Agreement	62
---------------------------	----

USSR-CEMA TRADE

ECONOMIC ASPECTS OF CEMA INTEGRATION ANALYZED

Book Review

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 80 pp 123-125

[Review of "Valyutnyye i kreditnyye otnosheniya stran SED" (Currency and Credit Relations of CEMA Countries) by N.S. Lyubaskiy, L.Kh. Sulyayeva and V.M. Shantitko. Moscow, "Nauka", 1978, 160 pages: "Problems of the International Economic Mechanism of CEMA Countries"]

[Text] One of the most important tasks being presently solved among CEMA member-countries is the transformation of their foreign-economic ties into an active economic growth factor. Its successful solution is largely connected with the realization of the Complex Program of Socialist Economic Integration. In boosting the effectiveness of the socialist countries' participation in integration programs, an important role is played by improvement of the international economic mechanism, especially the realization of a provision of the program on organic combination of the coordination of plans as a fundamental method of organization of cooperation with wider utilization of commodity-monetary relations.

In this connection a monograph prepared by a collective of staff members of the Institute of Economics of World Socialist Systems of the USSR Academy of Sciences. A central place in the work is taken by questions of improvement of the collective currency of the CEMA countries. Examining the methodological premises of analysis of these questions, the authors show the existence of a close interrelation of the operation and manifestation of many economic laws of socialism, including the laws of planned development and value, in international relations among the CEMA countries.

As an important initial consideration in an analysis of the operation of the law of planned development and the law of value, the authors note the changing role of the market and international sphere of circulation in contemporary international economic cooperation. The authors reach the conclusion that commodity-monetary relations of the socialist countries "are being subordinated to an increasing degree to the tasks of development and realization of long-range production ties among the partners" (p 11).

The thesis of the limited character of the development of commodity-money relationships in the sphere of international economic cooperation in our opinion sooner belongs to practice rather than to theory of the matter, especially if you take into account the position of objectivity of an organic inclusion of commodity-money instruments in the planning system. This is all the more so since commodity-money relationships are connected not only with the money analyzed in the work but also with cost accounting and value criteria of the economic effectiveness of public production, an important role of which is universally acknowledged in the management of a highly developed socialist economy. Finally, the authors themselves correctly explain impairment of the unit of the value and natural-physical forms of the movement of socialist production because of imperfect planning, inadequate taking into account of the law of value, commodity-money relationships and insufficient development of cost accounting and its connections to the planning system.

Attention is drawn to an analysis of the special features of world and international money in the present conditions, the importance of which is explained by the marked influence of the world market on the functioning of the economic mechanism of the CEMA international market. The authors present interesting arguments in favor of the thesis that only gold can perform and actually does perform the function of world money. On the world socialist market, it is pointed out in the work, gold can also serve "as a universal medium of payment, a universal purchasing medium and a universal materialization of abstract wealth" (p 22).

For the first time a clear-cut distinction is made in our literature between world money (gold) and international money (reserve and other national currencies, the collective socialist currency of the CEMA member-countries). In the opinion of the authors, this distinction lies in the fact that international money in its nature and functions cannot completely serve as a "double" for world money. This thesis, rather convincingly disclosed by the authors, permits them to objectively undertake an analysis of the special features of the collective socialist currency.

A detailed examination is made in the book of the specific nature of the function performed by the transferable ruble as a measure of value and of price range and the function of medium of payment and accumulation. At the same time it is emphasized that its improvement is connected to the improvement of the whole system of economic cooperation and its mechanism.

There is an interesting analysis of the main requirements of the currency-financial mechanism of the CEMA countries and the conditions of its effective functioning. The most important of these conditions, in the opinion of the authors, is the consistent recording of the finance-currency indicators of economic relations in the process of coordination of national-economic plans. Major importance is also attached to the complex realization of interrelated measures in the sphere of material production (gradual elimination of deficit goods and establishment of reserves) and in the

field of planning and management of economic activity (a closer tie-in of natural and cost indicators, improvement of prices, adaptation of national-economic mechanisms to participation in international division of labor).

On the basis of the advanced requirements and conditions of improvement of the currency relations of the CEMA countries, the authors concentrate attention on such key interrelated problems as development of multilateral balancing of trade and payments, improvement of exchange rates and mutual convertibility of national currencies.

The necessity of developing multilateral settlements is connected with the fact that bilateral balancing of trade limits the possibilities of using potential reserves of growth of commodity turnover, fraught with the arising of certain disproportions in the national economy of the socialist countries. The multilateralness of trade and settlements is especially important for the development of integrational forms--specialization and cooperation of production, international economic organizations and associations, more efficient functioning of international banks, successful development of goal programs of cooperation.

At the same time, the bilateral character of mutual trade-economic ties, it is emphasized in the book, possesses certain advantages and makes it "easier to take into account the interests of each country in the process of coordinating production and deliveries of a significant portion of goods in physical terms" (p 59). For this reason, bilaterality, in the opinion of the authors, has been maintained in principle throughout the entire historical period of the existence of sovereign states. The task is to achieve an optimum linkage of bilateral and multilateral aspects of cooperation. At the same time, the degree of multilaterality can vary for different countries and is constantly changing in time.

The authors propose leaving a part of national production for multilateral deliveries as a way of creating commodity provision of the transferable ruble as a basis for the development of multilaterality of commodity turnover and settlements.

The transition to multilateral payments naturally presumes the convertibility of national currencies into the transferable rubles (as the basic accounting currency) and their mutual convertibility. As the authors believe, all these varieties "have to be essentially planned," since quoteless trade will hardly play a significant role. The possibility is also indicated of mutual convertibility of national currencies for settlements for a number of operations, particularly in the implementation of settlements of joint enterprises and credit settlements. The authors see the real possibilities of such a process only in the field of non-trade payments.

Much attention is paid in the book to differences between the currency coefficient [valyutnyy koefitsiyent] and the rate of exchange [valyutnyy kurs]. The currency coefficient, it is pointed out in the work, is not an economic category of the international market but one of the elements of internal cost accounting, a medium of coordination, a commensuration of internal and foreign-trade prices. It can be considered on the same basis as the rate of exchange. Common to them is commensuration of the purchasing capacity of a unit of national currency on the national market with the purchasing capability of a unit of currency participating in international settlements. In this connection, the currency coefficient is called by the authors an "internal rate of exchange."

Attention is drawn to the question of the possibility of the currency coefficient performing a price-forming function. In the opinion of the authors, there arises as the result of increasingly intensive participation of CEMA countries in international division of labor an "objective need for an economically valid comparison of internal and foreign-trade prices in establishing a closer relation between them" (p 74). However, for a more complete and effective interrelation of these prices through a currency coefficient, "the necessary economic and organizational preconditions have as yet not occurred everywhere" in the CEMA countries (p 74).

In addition to the above-described currency problems, the book also touches upon problems of the socialist countries' credit relations. Moreover, much attention is given to the practice of cooperation of CEMA member-countries in the field of credit relations, the role of the International Investment Bank in it and also problems of further improvement of credit relations.

In summing up the conception of improvement of finance-currency relations of the countries of the community described in the book, there should be noted the words of the authors that an "integrated finance-currency mechanism for the countries of the CEMA under conditions of integration has only begun to be formed." In such a formulation of the question, the central problem is the creation of corresponding intraeconomic prerequisites. The book repeatedly points out the importance of improving internal economic conditions, upgrading the quality of planning and management of economic activity, elimination of deficit goods and improvement of price proportions. But the initial and primary problem in our view is the excessive differentiation of the sectorial levels of effectiveness of public production and disproportions connected with it and therefore the difficulties of exchange between the sectors and spheres of economic activity. We tend to relate to them the multiplicity of exchange rates and currency coefficients, difficulties of introducing cost accounting both within the national economies and in the field of foreign-economic relations, difficulties finally of establishing a satisfactory system of regional contract prices and of introducing real multilateralism of settlement.

In evaluating the reviewed book as a whole, it is essential to point out the consideration--a detailed analysis of the present condition of finance

CURRENCY RELATIONS OF CEMA COUNTRIES AMONG THEMSELVES AND WITH DEVELOPED CAPITALIST COUNTRIES, A CRITICAL ANALYSIS OF BOURGEOIS EXPLANATIONS OF THE CURRENCY PROBLEMS OF SOCIALIST COUNTRIES AND PERTINENT "ADVICE" IN THE MATTER OF THEIR SOLUTION. THE BOOK WILL UNDOUBTEDLY BE GREETED WITH INTEREST BY READERS.

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Economic Integration

Moscow PLANOVYE KHOZYAYSTVO in Russian No 2, Feb 80 pp 52-67

[*"Round Table"* feature: "Expanded Reproduction and Economic Integration in the Socialist Community"]

[Text] The Declaration of the 33rd CEMA session on the Thirtieth Anniversary of the Council of Economic Mutual Aid (July 1979) emphasized the indissoluble connection of the social-economic achievements of the countries of the community to the development of cooperation. The editorial office of PLANOVYE KHOZYAYSTVO together with the Institute of Economics of World Socialist Systems of the USSR Academy of Sciences turned to a number of scientists of CEMA member-countries with a request to express their view on questions disclosing the significance of socialist economic integration in providing a stable expansion of reproduction in these countries.

Deputy Director of the Institute of Economics of World Socialist Systems of the USSR Academy of Sciences K. Mikul'skiy observed that the communist and workers parties of the CEMA member-countries have developed and are systematically implementing a policy of organic unification of the technical-economic possibilities of expanding production and raising its efficiency arising in the process of internationalization of economic life with the social advantages of the world socialist economic system.

Under present-day conditions, external factors of economic growth are occupying an increasingly important place among the factors of expanded socialist reproduction and their use is becoming an indispensable condition of attainment of the possibilities of rational functioning of the socialist economy. In the development of cooperation of CEMA countries, foreign economic factors emerge primarily as integrating, based on increasingly deeper interaction and interlinking of national economies.

It is becoming possible and necessary to utilize external factors on such a scale, in such forms and on such a level of planning and organization, with such a prospective direction as would make it possible to impregnate with a deep content the process of creating a real mutual adding to of national

economies subordinated to the solution of a complex of problems of global economic importance and particularly questions of intensification of the process of reproduction and boosting of its efficiency.

The fraternal countries' cooperation is becoming increasingly the motive power of optimization of the scale and structure of production capacities in each country and of international groups of physical assets in conformity with the conditions of the entire economic complex of the given countries. The tasks of boosting economic efficiency, the criterion of rational proportions, optimal rate of development of separate sectors are now being increasingly determined with consideration being given to the possibilities of improving production on the basis of international division of labor.

Such an approach does not simply mean an addition of intrastate division of labor to international at individual sectors of production but the creation of an interconnection of national processes of reproduction and a gradual transition to the maintenance of many proportions necessary for expanded reproduction between various natural elements of the gross social product in each of the CEMA countries and the entire community. At the same time--and this is an indispensable condition of the aforesaid--growing importance is shown by the criteria of economic effectiveness of operational cooperation, which is increasingly emerging as the dominating stimulus to the participation of countries in expanding integration.

An increase in the interaction of internal (national) and foreign (international) factors of economic growth constitutes an essential feature in the establishment of the new type of expanded reproduction, adequate to the resources and needs of developed socialist society. The close interaction of these factors creates more favorable conditions for advantageous utilization of economic growth factors on the basis of acceleration of scientific-technical progress and intensification of social stimuli for improving production, for improving balance in the economy and constant improvement of national-economic proportion, rational utilization of natural proportions, strengthening of the ties of production and consumption and subordination of the structure of production to the solution of major social problems.

Yu. Shirayev, director of the International Institute of Economic Problems of the CEMA World Socialist System, emphasized that even today the growing interconnection of national economies in the course of integration is resulting in deep positive changes in reproduction processes.

The long-term goal programs of cooperation and the bilateralness of long-range programs of specialization and cooperation of production make it possible to tie in the development of mutual economic cooperation of CEMA member-countries to the solution of their key social-economic problems. In the next ten years, the main directions of this process will be: all possible acceleration of scientific-technical progress; satisfaction of rational requirements for raw materials, fuel and energy, machinery,

and current technology; improvement of the population's supply of food and manufactured consumer goods; creation of an effective and technical modern transport network for CEMA countries.

Together with the realization of a collective approach to ensuring economic growth with resources on the scale of the community, joint efforts are going into the solution of the task of improving qualitative indicators of production and speeding up scientific-technical progress.

The cooperative action of the countries is also increasing in the solution of production tasks that directly affect the living standard of the population. Programs of cooperation in the field of development of the agro-industrial complex and production of manufactured consumer goods are in their nature general programs of upgrading the people's well-being.

Finally, the role of mutual cooperation of CEMA countries is increasing as a factor of strengthening of the positions of the countries of the socialist community in the world economy. This cooperation creates basic prerequisites for reducing the negative effect of the difficulties of the world economy on the course of reproduction processes in each of the countries comprising it.

Director of the Central Institute of Economic Sciences of the GDR Academy of Sciences corresponding member of the GDR AS W. Heinrichs noted that strengthening of the interconnection and interaction of national processes of reproduction is based on the combination of ever fuller implementation of international generally significant features features of the socialist economy organically included in the integrational processes with subsequent consideration of the specific nature of the national economy of each of the CEMA member-countries.

Internally significant social-economic traits include first of all the following: the constantly increasing orientation of public production to a fuller satisfaction of growing material and cultural needs of the population; better utilization of the achievements of the scientific-technical revolution for the further improvement of the material-technical base of national economies; transition to an intensive type of expanded socialist reproduction in which increased labor productivity and efficiency of the economy as a whole become the basis of further economic growth; and socialist economic integration. In this connection, the participation of each country in socialist economic integration has become for it one of the decisive conditions of implementation of all the aforesaid principled traits of a developed socialist economy.

An important prerequisite for the successful development of general significant traits of a developed socialist economy is likewise the careful taking into account of the special features of each country's national economy the specific interests affected by them and their coordination. At the

same time, there should be differentiated, on the one hand, the special features stemming from differences in the stages of socialist construction and levels of economic growth from the specific nature of these or those concrete features of the social-economic situation in the socialist countries and, on the other, those connected with the specific geographic position and climatic conditions of individual countries and their provision of natural resources.

In regard to the first group of special features, there is to be observed in the socialist community, a relatively rapid drawing closer and equalization of the levels of social and economic development of the individual countries. The special features of the second group cannot be eliminated. This is why socialist economic integration is of important significance for maximal utilization of natural conditions in the interest of both countries possessing them and the other fraternal countries.

The existence of specific features in the economic development of the socialist countries signifies a multiplicity of directions and forms of participation of each of them in socialist economic integration and also the many-sidedness of the result obtained from such participation. In terms of the scientific-technical levels and indicators of efficiency, the process of reproduction is drawing closer in the CEMA countries; nonetheless the need for taking into account the specific conditions of each country is not eliminated. Socialist economic integration does not narrow but expands the possibility of selection national alternatives for the development of production, which makes it possible to select and implement the most effective alternative in terms of the conditions of each country.

/For optimization of the integrating relations existing among the processes of reproduction in CEMA countries, it is necessary to analyze the tendencies characterizing the present stage of development of international socialist division of labor and the establishment of national-economic complexes in the individual countries. A number of the round-table participants devoted their appearance to a characterization of these tendencies./*

Head of the group of advisors of the First Secretary of the Central Committee of the Polish United Workers Party P. Bozik distinguished three clearly expressed tendencies. First, with the creation of international division of labor, a reduction takes place in proportion to the development of productive forces in the importance of differences in the volume of resources of production factors, in the natural conditions of individual countries and so on and there is a growth in the importance of differences in the effectiveness of their use. The progress of science and technology to a certain extent makes possible even the adaptation of natural conditions to

*Paragraph in slantlines appears in the original text entirely in italics.
All subsequent paragraphs in slantlines follow the same pattern (translator's note).

the purposeful structure of production, for example, through increasing the fertility of land. With the attained high level of development of productive forces in the socialist community, the main factor in the division of labor among the fraternal countries is to be found in differences in effectiveness of production of these or those types of products connected with technical-economic conditions, especially the degree of concentration of production.

Moreover, differences among the countries in level of effectiveness of utilization of live and embodied labor in the production of these or those forms of production, taken into account in the creation of international division of labor in the socialist community, stem increasingly from differences in general not from differences of the countries' levels of economic development (in most CEMA countries, they have perceptibly grown closer) but from technical-economic conditions of production of a given type of production. Even in countries achieving the same high level of economic development, the technical-economic conditions of production of individual products frequently vary and consequently the effectiveness of this production is not the same. Moreover, it is precisely the measures connected with international division of labor that are aimed at the growth of these differences in the interest of all cooperating countries so that first of all through concentration of output of these or those products and higher efficiency of their production would interest a country in manufacturing them and other countries in importing them.

Finally, socialist economic integration is increasingly characterized by orientation not only in the direction of existing traditional conditions of production and exchange but also in the direction of coordination of planned changes in these conditions. There are ensured in greater measure thereby rational division of labor in the socialist community, its increased effectiveness for each country, coordination of national interests; this is promoted first of all by the joint planning activity of the CEMA countries.

T. Horva, the director of the Institute of Planned Economy of the State Planning Commission of Hungary, included among the most important characteristics of international socialist division of labor at the present stage of development of economic cooperation of the countries of the CEMA its growing role in the realization of principles of comprehensiveness and optimality in the development of the national economies of these countries. Although they have always been guided by these principles, under the conditions of the attained high level of multilateral development of the national economies, changes in national and international conditions of reproduction, acceleration of scientific-technical progress and deepening of economic cooperation of the socialist countries, the requirements of comprehensiveness and optimality are largely manifested in a new way. At this time, discussion of the concept of an optimal national-economic complex includes to a much larger degree than before its ability to utilize the advantages of international specialization and cooperation of production for increasing the

effectiveness of utilization of each country's resources. The comprehensive and optimal development of individual countries' economies is possible only with socialist economic integration.

Naturally, each country's economy remains an independent national-economic complex within the framework of which requirements of proportionality and balance of production must be realized and full and effective utilization of resources is ensured, while social requirements are better met.

The successful development of each country's economy depends increasingly on the expansion of mutual supplementation and coordination of the fraternal countries' national economies. Consequently, in the development of national economies as a complex whole, it is impossible to proceed solely from internal requirements and a certain international linking and coordination by the cooperating countries of ways of satisfying them. It is essential to evaluate the possibilities of the use of each country's resources and the satisfaction of its requirements on the basis of the new possibilities of development of the productive forces in each country as the result of their coordinated and interconnected development.

The wide-scale cooperation of national economies in the process of economic integration presupposes a rise in the economies of individual countries of the relative share of those modern and profitable production operations which in addition to providing for internal needs also contribute to the development of stable foreign economic ties and international specialization of production as an organic part of the process of bolstering proportion and balance in the national economies and also the cooperation of all measures relating to specialization and cooperation of production among the socialist countries for greater harmonious development of the economy of the socialist community as a whole.

Director of the Research Institute of Planning and Management of the National Economy of the Czechoslovak State Planning Commission F. Beran observed that in an analysis of the problem of optimization of national-economic complexes the tasks of making progressive structural changes in the economy should get more attention. The fact is that the possibilities of a highly developed socialist economy may be realized only in the creation of a reproduction structure fully corresponding to this level.

Expanded reproduction of the social product has up to now been frequently understood only as a process of increasing production volume and growth of the social product and national revenue. But it is necessary to take into account that the strategy of economic development is ever more closely connected to the reproduction of already produced national wealth and the improvement of its structure. The importance is growing of functional rationalization of the reproduction structure as applied to the planned goals of further development.

Results of researches point to the existence of an interrelationship between growth rate of the national economy and changes in its structure and the dynamics of national-economic efficiency. Under present conditions, when Czechoslovakia has attained high industrial and on the whole economic level and when the criterion of further rise must be optimization of economic growth with minimization of resources required for this, the structural changes corresponding to these conditions create important impulses for economic growth.

Socialist economic integration to a large degree promotes the realization of such necessary structural changes. Today it may be observed that for the Czechoslovak economy—the developed economy of a relatively small country—participation in international division of labor is becoming under the given conditions and at this stage of development a growth factor that is equivalent to internal factors. In this connection, structural changes in Czechoslovak economy aimed at specialization of its national-economic complex in the system of international socialist division of labor constitute an important prerequisite of the further development of our economy, especially its qualitative improvement.

Integration, on the one hand, demands changes in the structure of the Czechoslovak economy and, on the other, creates external prerequisites for these changes. In the course of optimal inclusion of the Czechoslovak national-economic complex in international socialist division of labor at the present integrational stage of its development, an optimization occurs of the structure of the Czechoslovak economy, which will have a positive effect on the level of efficiency and rate of expanded reproduction.

V. Grudzinski, director of the Institute of Planning attached to the Commission for Planning of Poland directed attention to the fact that our ideas concerning an optimal national-economic complex are increasingly influenced by external factors connected with international division of labor. Division of labor and international commodity exchange based on it, accelerating economic development, make it possible to establish significantly more effective national-economic complexes and at a faster pace than under the conditions of a "closed in" economy. From this the growing need may be seen of taking into account developmental tendencies of the world economy, broadening of the international ties of specific national economies, forming tendencies in directions of technological improvement on an international scale, rates of opening up of new mineral deposits, and so on.

In developing an optimal version of a national-economic complex, it should be kept in mind, first, that it must be periodically refined and possibly even modified depending on changes in external conditions and, second, that it is necessary to create reserves making it possible to neutralize the influence of certain unfavorable external factors and to effectively utilize their favorable changes.

There should be differentiated the influence on the national-economic complex of economic cooperation between socialist countries and economic ties of socialist countries with nonsocialist. The world socialist market, based on the principles of a planned economy, serves as a reliable foundation for the creation of an optimal structure for the national economies of socialist countries. The capitalist market, distinguished by low stability, influences the national economies in two ways: directly (through commodity exchange of a given country with the capitalist market) and indirectly--through the market of the socialist countries.

Since the formation of this complex strongly depends on external conditions, a systematic analysis is required of the tendencies of economic development of CMEA member-countries, a thorough study of the interdependence existing between the development of the world socialist market and the economies of these countries, as well as the investigation of the economic position of capitalist countries both in the past and in the present and its forecasting.

/The transition of CMEA member-countries to the integrating stage of economic cooperation makes it possible to significantly boost its effectiveness and at the same time make new and greater demands on the investigation of problems connected with this. The participants of the correspondence round table devoted their attention to the following questions./

P. Novik noted that in determination of criteria of economic effectiveness of cooperation under conditions of socialist integration selection is a problem of special importance: should there be taken as the basis for establishment of international division of labor initial differences or those of size in production factors and levels of their effectiveness in the cooperating countries?

The adoption of initial differences as a basis is justified in the case where subsequent changes in the conditions of production and exchange in the cooperating countries remain the same. In reality, such a situation is very rarely encountered. For this reason, the basis for the establishment of international economic ties in the process of socialist integration should be differences of size in conditions of production and exchange.

T. Norva also emphasized that in the establishment and accomplishment of tasks of economic cooperation on the part of CMEA member-countries the basis should be long-term requirements of these countries and the possibilities of their satisfaction. A big role in boosting effectiveness of cooperation is to be played by the constant improvement of all forms and instruments of cooperation--from coordination of plans to the system of price formation. Only under such a condition will the process of expansion of cooperation not be retarded by contradictions of national interests arising in the sphere of separate questions of effectiveness. For each country the national-economic effect of cooperation will grow, as a result of which it

may deliberately go in the direction of separate solutions which at the given moment may be less advantageous for it if their realization is covered by the long-term effect at the national-economic level. Naturally, a correct assessment of such processes requires that comprehensive researches of problems of national-economic effectiveness be more actively developed.

W. Kuns, deputy director of the Central Institute of Management of the Socialist Economy attached to the Central Committee of the Socialist Unity Party of Germany spoke of the need of expending theoretical and methodological research, which would make it possible to more precisely take into account the significance of foreign economic ties of the CEMA countries in boosting the effectiveness of public production.

The importance of such work is borne out by the steady growth of the role of foreign economic ties in the economies of the CEMA countries. Thus, in the GDR exports at the present time comprise about 30 percent of total national revenues of the Republic (in 1967 it amounted to about 22 percent of national revenues). At the same time, two-thirds of the volume of foreign trade of the GDR comes from CEMA member-countries.

In the final analysis, the criterion of economic efficacy for measures in the field of international specialization of cooperation is the contribution to the growth of the net product (national income) with account being taken of its relation to expenditures of live labor and embodied labor and the correspondence of its structure to social needs. The decisive factor in this is the improved relation achieved over the long run of expenditures to results first at the national-economic level and to a lesser degree at the level of the enterprise or the sector or in a shorter period of time.

The criterion according to which expenditures of social labor for the production of an export commodity (A_1) must be below expenditures of labor needed for one's own production of imported commodities or comparable replacement products (A_0) does not include all aspects of economic efficacy. But there should also be taken into account the fact that the concentration of production provided by international specialization does not as a rule only lead to a reduction of social labor for the output of export products. At the appropriate enterprises, there is also achieved a reduction of outlays per product unit remaining within the country. The following formula of produced effect (Π) may be derived from the foregoing:

$$\Pi = A_1 - A_0 + \kappa_y,$$

where the value κ_y expresses the effect of concentration of production applied to products remaining within the country.

Finally it should also be taken into account that not every specific form of import countervails a perfectly definite export equivalent. Currency obtained from the sale of export commodities goes into the currency budget of the country used in the financing of imports. For this reason the

effect formula should reflect currency expenditures (V_x) and currency receipts (V_p). Then the formula assumes the following form:

$$H = A_1 + V_x + V_p = A_2 + K_y.$$

This formula makes it easier to see how the effect is produced from international specialization of production.

R. Vintrova, head of a department of the Economic Institute of the Czechoslovak Academy of Sciences, noted that the positive influence of integration on production efficiency is determined basically by a significant expansion of the possibilities of optimum combination of all production factors in the process of integration. Integration makes it possible to establish economic proportions on a large scale corresponding to the necessary degree of socialization of modern production. It serves as a method of realization of the possibility created by socialism of planned coordination of the use of separate factors of production, especially intensive ones, on an international scale over the long term in the interest of all cooperating countries.

At the present stage, when science is becoming a direct productive force, it is especially important to use all its achievements for upgrading the economy and raising the technical level of production to ensure growth of production efficiency. The cardinal solution of key national-economic tasks is efficient utilization of the powerful scientific-technical potential of the socialist countries, intensifying the specialization of their economies in the process of its further growth and assistance in the introduction of technical innovations into production.

The value of integration to the boosting of production efficiency is largely determined also by the fact that there is a significant expansion of the possibility of timely adaptation of national reproduction processes to the present-day conditions of the economy's development. Integration promotes the attainment of new criteria of efficacy of use of these or those resources and the unfolding of new directions of international specialization and cooperation of production.

There should be emphasized still another important aspect of integration to the growth of the economic efficacy of CEMA countries: the coordination and planned development of CEMA countries' mutual economic ties and also the growing coordination in the use of their production resources significantly restricts the influence of the so-called "foreign trade barrier" of the development of the economy, ensuring expansion of international socialist division of labor and raising of its efficiency, making possible on a more coordinated basis to develop exports and imports within the framework of mutual trade and its rapid growth, and so on.

Integration also makes it possible to ease difficulties arising in connection with the acute changes occurring in the external conditions of these

countries' economic development, first of all in the field of prices and accessibility of raw materials and energy on the world markets. Socialist countries importing raw materials and energy may in this connection depend first of all on cooperation with the Soviet Union. Taking into account that shortages of raw materials, especially fuel, threaten to become in the immediate decades ahead basic hindering factors to economic development, CEMA countries have worked out concrete ways of solving the fuel-energy and raw-material problem, which fact is reflected in long-range goal programs of cooperation.

W. Heinrichs also emphasized that the problem of fuel-energy availability has become in the socialist community an object of joint action on the part of the fraternal countries for their stable economic growth. The experience of CEMA countries in its solution is of global significance in the light of present world development and constitutes a ponderable contribution of real socialism to the solution of basic long-term problems of mankind.

The participation of the CEMA countries in the solution of the fuel-energy problem on the scale of the community arises from the efforts of each country in the use of its own possibilities for covering its own internal needs (where necessary with the help of fraternal countries); from the efforts of countries having at their disposal natural resources aimed at increasing extraction of fuel and production of energy for export to the fraternal countries; from outlays of the latter in assistance of this increase and, finally, from the desire of all CEMA countries for a more rational use of all types of resources.

The complexity of the fuel-energy problem may be shown on the example of the GDR. Actively participating in various forms of cooperation of CEMA countries aimed at the solution of this problem, the GDR also applies significant efforts for the development of its own production of fuel. It occupies first place in the world in the production of brown coal. In the GDR, one-third of the total volume of coal is produced that is obtainable in CEMA countries. This coal is used both for the production of electric power and in other industries, first of all in the chemical industry. The highest level of consumption of electric power in the world achieved in the GDR (4,700 kWhr per capita) is to be partially explained by the use of brown coal as a raw material for the chemical industry.

But the republic is obliged to take into account deteriorating conditions of extraction. Specific capital investment per ton of brown coal in the 70's increased 50 percent, in the 80's it will double. The share of capital investment in the fuel-energy and raw-material sectors of industry in the total sum of capital investment in industry reached 38 percent. In 1976, the share of the coal industry in it in the GDR was much higher than comparable indicators of the other CEMA countries with the exception of Poland. This significantly limits the possibilities of capital investment in the chemical industry, machine building and elsewhere. The cited

example underscores the urgency of continued research, the purpose of which is improvement of the proportions of production and upgrading of its efficiency within the framework of each country and on the scale of the socialist community.

/Among the chief questions relating to strengthening the interaction of national process of reproduction, scientists of the CMEA member-countries include questions of further raising the level of planning for this process and its coordinated management by planning and operational organs of the CMEA member countries and organs of the actual Council./

V. Kirichenko, director of the Scientific-Research Economics Institute attached to Gosplan SSSR, dwelt on a number of problems of further strengthening of the planning bases of the integrating process, improvement of existing and development of new forms and instruments of cooperation in the field of planning activity.

A most important role in this process is played by long-term goal programs of cooperation (DTsPS) which designate ways of joint solution of strategic tasks of social-economic development common to the socialist countries. In this connection, the key problem of their realization is resource availability for measures included in the DTsPS. Actually, the operation of such programs is intended for two five-year periods, it requires tens of billions of rubles of capital investment and significant amounts of material and labor resources. At the same time it should be kept in mind that a definite mechanism of provision of resources for these programs, including a system of multilateral and bilateral agreements and specific national-planning measures in the countries, is needed.

Positive results have already been achieved in the solution of these problems. A system and methods have been worked out for validation of indicators ensuring the inclusion of DTsPS measures in the integrational sections of state plans with the resources required being shown in them. A methodology should be developed that takes into account available experience of a closer linkage of indicators of the integrational section reflecting measures of goal programs with corresponding consolidated functional sections of the state plan (capital construction, foreign trade, use of labor resources and the like). It is also necessary to work out a methodology reflecting DTsPS measures in the developmental plans of corresponding sectors of the national economy. And it is no less important to solve the problem of interlinkage of indicators of the integrational section of the state plan reflecting the targets for realization of the various multilateral cooperation programs.

In the realization of the processes of integration a serious role is bound to be played by bilateral long-term programs and general schemes of development of specialization and cooperation of production with individual CMEA countries. They touch upon such complex questions as the problem of

selection of a group of industries which could be shaped for individual countries and be of key significance for the further selection of forms and directions of specialization and production cooperation, close coordination of measures of long-term programs of development of specialization and cooperation of production with measures provided by the DTsPS, and so on.

In the course of creation of a principled scheme of development of specialization and cooperation of production on a bilateral basis with account being taken of DTsPS measures, CEMA countries have a real possibility of modeling a picture of deepening of integration for a region as a whole for the extended term and forming a more effective structure of national economic complexes.

It goes without saying that such a scheme cannot be identical for all countries. In its development maximum consideration should be given to natural-geographic, economic, demographic and other structure-determining factors and the principles of creating and improving a developed socialist economy should be creatively utilized with account being taken of the specific conditions of each country.

A. Kupich, head of a sector of the Institute of Fundamental Problems of Marxism-Leninism of the Central Committee of the Polish United Workers Party, emphasized that DTsPS, approved by the last two sessions of the CEMA, are intended for the solution of a number of key problems of the socio-economic development of the CEMA countries in the 80's.

Such a role for the DTsPS is determined especially by the fact that they do not just provide for increase of production and exchange of the most important groups of commodities in the community of the CEMA countries but are meant to serve as an effective means of solving two interconnected key tasks of improvement of reproduction processes in these countries: boosting of the economic efficiency of public production and the task of strengthening balance in the national economy and improving national-economic proportions.

The importance of the DTsPS for boosting efficiency of management in CEMA countries is determined, on the one hand, by the fact that they provide for a complex of measures for the development of economic cooperation, making it possible to significantly deepen international specialization and cooperation of production and to utilize more fully the possibilities of reducing production cost and also to utilize optimization of the investment process and so on. On the other hand, they stimulate growth of management efficiency also because they provide for efficiency of production use of raw and other materials, power and fuel. Thus, satisfaction of national-economic needs will be attained not only through the extraction and production of these types of products but also through the systematic, "programmed" reduction of their specific outlays.

The DTsPS are intended to help overcome more quickly and with small expenditures shortages and lack of balance within the bounds of the national economies of the CEMA member-countries and on the world socialist market.

The DTsPS will also contribute to the solution of a number of major problems relating to the improvement of the structure of the economy. Thus, the DTsPS are becoming an effective instrument of coordinated structural policy --an important elements in the system of coordination of economic policy as a whole.

/A major role in the strengthening of the economic cooperation of CEMA countries is played by the lawful process for the world socialist system of the gradual drawing closer and equalizing of these countries' levels of economic development. A number of related questions have been elucidated in replies of participants of the "Round Table."/

K. Kiryakov, director of the Economics Institute of the Bulgarian Academy of Sciences, notes the gradual drawing closer and equalizing of levels of the socialist countries' economic development constitute an important factor determining the growth of interoperation of their national economies.

Of major significance for socialist economic integration is the fact that over the years of socialist construction, tremendous discrepancies have been smoothed out in the levels of development of the economies of European CEMA countries that had been inherited from capitalism. According to available estimates, in the period from 1950 to 1977, the gap in volume of national income per capita in these countries was reduced from 3.2- to 1.3-fold and volume of consumption of manufactured products per capita from 3.0- to 1.7-fold. Thus, the countries' levels of economic development drew closer to such an extent that existing differences may be considered residues of former inequalities that are of no major importance.

The drawing closer of economic levels of development has taken place and continues to take place against the background of intensive development on the part of all socialist countries, including the highly industrial, at advancing rates in the rise of the economies of the countries which inherited economic backwardness from capitalism. Thus one of the most economically developed CEMA countries--the GDR--increased industrial production from 1951 to 1978 by a factor of 8.2, while the countries that had been most backward economically in the past--Bulgaria and Romania--by a factor of better than 20.

The mobilization of internal resources in each country lies at the basis of equalization, and this is significantly abetted by cooperation and mutual aid of the socialist countries. This process expresses not only the moral and political solidarity of the fraternal countries but also their common economic need. The latter is even felt by the economically highly developed countries, inasmuch as the drawing closer of the economic levels expands the sphere of action of intensive forms and factors in economic cooperation,

which in its turn increases the effect of cooperation in raising the level of the economy of the more developed countries. A common need gives rise to common interest. At the present stage, the CEMA countries must fully utilize the possibilities of expanding integration that exist thanks to the progress achieved in the drawing closer and equalization of the levels of their economic development.

At the same time there is being resolved in the socialist community the problem of aiding in the accelerated rise of the national economies of Mongolia, Cuba and Vietnam, countries which with the fraternal aid of other socialist states, first of all the Soviet Union, are successfully creating modern productive forces. The Complex Program of Socialist Economic Integration and decisions of subsequent CEMA sessions provide for the implementation of special measures for speeding up the development of their economies. They are already being carried out and are playing a tremendous role in industrialization, agricultural development and the solution of other tasks related to the creation of a material-technical base for socialism in these countries.

Le Virh, deputy director of the Institute of Economics of the SRV Committee of Social Sciences, states that under socialism economic integration cannot but help develop on a higher level than under capitalism. Unity of social-economic and political systems and ideology and the goals of building socialism and communism and the common struggle against imperialism and other forces of reaction for peace, democracy and socialism constitute the principal factors speeding up this integration.

Socialist integration differs from capitalist integration not only in level of development but, by what is more important, in its content, nature and aims. It permits socialism to disclose more fully its advantages and to continuously achieve victories in economic competition with capitalism.

Vietnam's joining the CEMA in 1978 was the logical result of the development of the country along the path of building of socialism, an important event in the further development of the country. Prior to joining the CEMA, Vietnam cooperated for a long time with the socialist countries in different fields and took advantage of the tremendous and effective aid of the USSR and the other socialist countries, primarily on a bilateral basis. Vietnam's joining of the CEMA opened broad opportunities for multilateral cooperation without which it would have been impossible to solve most of its problems.

For the Vietnamese people the outstanding task of the entire transitional period along the road of building of socialism is the achievement of socialist industrialization. Like other countries with a weakly developed economy that have embarked on the road of industrialization, Vietnam is encountering significant difficulties in the realization of this important task, first of all in the solution of questions of basic research, capital investment, technical provision, cadres of engineering and technical

personnel and skilled workers. Participation in the CEMA, cooperation with other socialist countries will contribute to the creation of favorable conditions for the solution of these problems.

At the present time, the principal task of the country's economy is providing the population with food and also growth of the production of consumer goods and exports. In carrying out specialization of production in cooperation with the fraternal socialist countries, Vietnam will be able to concentrate its efforts on the development of sectors for which the most favorable conditions exist--agricultural, forestry and marine economy (morskoye khozyaystvo), light industry, including small-scale production and handicrafts. This will make it possible to rapidly increase the economic potential, to expand sources of exports and accumulation and to create the necessary conditions for further economic development with a simultaneous steady rise of the living standard of the population.

At the present time in view of the low level of economic development, the possibilities of Vietnam's participation in CEMA activities in the process of economic integration are limited. But with the development of its economy Vietnam will be able to participate on a broader basis in international division of labor and in other forms of international economic cooperation, which in its turn will have a favorable effect on its economy.

P. Luvsandorzh, director of the Institute of Economics of the Mongolian Academy of Sciences and corresponding member of the Mongolian Academy of Sciences, said in describing Mongolia's development that when Mongolia joined the CEMA in 1962 a new stage of fraternal cooperation of the country with the other socialist countries began. Special provisions of the Complex Program of Socialist Economic Integration pertaining to Mongolia bear out that the communist and workers parties and governments of the CEMA countries display special concern for acceleration of Mongolia's economic development and boosting the efficacy of its economy. As indicated in this program, the creation of an optimal complex in Mongolia's national economy requires considerable capital investment and aid on the part of other CEMA countries.

The program provides a complex of measures, already being successfully implemented in the practice of the socialist countries' cooperation including: joint construction and operation of industrial and other facilities by interested countries with help of financial, material-technical resources and manpower; assistance in making projected capacities operational and attainment of technical-economic indicators provided in pertinent plans of the performance of enterprises built with the help of CEMA member-countries; granting of various credits at preferential conditions and periods of reimbursement and so on.

The construction of a material-technical base for socialism in Mongolia is nearing its conclusion with the assistance of the USSR and other countries of the socialist community. During 1961-1978 the country's national income

doubled, industrial production increased 4.8-fold, fixed capital of the national economy--4.8-fold and the average yearly number of workers and employees in the national economy--almost twofold.

The achieved level of Mongolia's development made it possible during 1976-1980 to promote new important tasks. The chief task of Mongolia's social-economic development in the years of the Sixth Five-Year Plan, as shown in the Basic Directions of Development of the National Economy and Culture of Mongolian People's Republic for 1976-1980, approved by the 7th Congress of the Mongolian People's Revolutionary Party, consists of ensuring the further rise of public production, boosting its efficiency, improving work quality in all sectors of the national economy and culture and achieving on this basis a steady growth of the material well-being and the cultural level of life of the people. The plan provides increasing the volume of the social product by 40-44 percent and the national income by 37-41 percent. Planned volume of capital investment exceeds the volume of funds invested in the national economy in the preceding 10 years.

Broad prospects of accelerated growth for Mongolia's economy are opening up in connection with the development and operation of long-term goal programs of cooperation of CEMA member-countries in providing for their growing requirements in fuel, electric power, raw materials, basic kinds of food and manufactured consumer goods and for the coordinated development of machine building and transportation connections. The goal programs include special measures for acceleration of development and boosting of the efficiency of Mongolia's economy.

The given measures providing first of all for joint use with other CEMA member-countries of large deposits of mineral and raw-material resources in Mongolia and effective development of the country's electric-power and transport sectors will play a most important role in accelerating Mongolia's economy and gradual equalizing of the level of its economic development with the conditions of other CEMA countries.

Diaz Vasquez Julio Aranelio (Republic of Cuba), senior scientific associate of the International Institute of Economic Problems of the World Socialist System of the CEMA, notes that cooperation of Cuba and other CEMA member-countries is a striking example of socialist internationalism. In the capacious guaranteed market of the CEMA countries, Cuba sells traditional export commodities at stable and preferential prices. At the same time, these countries provide for Cuba machinery, equipment and raw materials required for the development of its economy. In 1978 about 80 percent of the foreign trade turnover of the republic went to CEMA countries. A rapid expansion is taking place of such forms of cooperation as the construction of national-economic installations, scientific-technical assistance to sectors of Cuba's national economy and granting of important credits for the development of the country's industry and agriculture.

With Cuba joining the CEMA in 1972, there began a new stage of cooperation with other countries. At the present time, Cuba's economy is gradually being included in the process of socialist economic integration. The experience of Cuba--as yet an economically backward country--convincingly confirms the fact that economic relations in the CEMA community have a most just basis.

Cuba's multilateral and bilateral cooperation with CEMA socialist countries is developing and growing stronger, especially in the accomplishment of the DTsPS. Measures provided by the DTsPS for providing aid to Cuba in the development of its economy make it possible for it to participate in the realization of all the programs.

Thus with the realization of the DTsPS in the field of development of agriculture and food industry, Cuba will increase production of sugar and citrus fruits for the purpose of the fullest possible satisfaction of the requirements of CEMA countries. In the field of machine building, Cuba has expressed the desire to specialize in the production of machines, individual parts and components for the sugar industry. Agreements have been concluded to increase nickel production in Cuba; as a result of their implementation, it will have produced by the end of the next five-year period 100,000 tons of nickel- and cobalt-containing production, which will permit it to be among its chief producers in the world.

The DTsPS in the field of transport provide measures for aiding Cuba in increasing port capacities, expanding shipbuilding yards; while in the implementation of the DTsPS in the field of consumer goods' production Cuba plans to specialize in the production of individual parts and units for color television and refrigerator installations.

/Still another aspect of socialist integration was examined by the round-table participants--its role in the development of economic ties of CEMA countries with nonsocialist countries for expansion of production and for strengthening of the positions of the socialist community in the world economy./

M. Siman, deputy director of the Institute of World Economics of the Hungarian Academy of Sciences and corresponding member of the academy, observes that the CEMA countries with their tremendous economic potential have become an important element of the world economy. And although today by virtue of historical and structural reasons, the share of CEMA countries in world trade is considerably lower than in world production, conditions already exist for a sharp rise in the immediate future of CEMA countries' participation in worldwide economic relations.

First, the rising level of economic and technical development of the CEMA countries makes it possible to employ more intensive forms of economic cooperation with nonsocialist countries, including with developed capitalist

countries, to expand the volume of trade with them, especially on the basis of the latest equipment and to increase the effect obtained from external factors of economic growth. Favorable political conditions are being created for this by the process of detente.

Second, the cooperation of CEMA countries with the developing countries will be expanded on the basis of improving material-organizational and social-political conditions for the establishment of long-range and planned division of labor among the socialist countries and certain groups of the developing countries in many important sectors of industry.

Third, CEMA countries will steadily increase their participation in the solution of such problems of a global character as protection of the surrounding environment, the energy problem, the use of seas and oceans and the like, displaying an initiative in the development of cooperation of states with different social systems in the interest of mankind in these fields.

And finally, the role of socialist countries will grow in the restructuring of world economic ties on new, democratic principles.

Expansion of socialist countries' participation in world global economic relations, growth of the size of physical assets, being an object of barter between socialist and nonsocialist countries, establishment of new forms of cooperation between them, especially in the production sphere, require the provision of a corresponding growth of the economic efficacy of such ties for socialist countries. And in this sector, external factors of economic growth must be used by socialist countries in optimum size and with maximum yield for the national economy.

In this connection A. Kupich points out the open character of the UTAPS, that is the possibility of third countries' involvement in their implementation, which corresponds to the character of the CEMA organization, the accumulated experience and answers to the interests of mutually beneficial cooperation of all countries of the world, regardless of their social systems.

The growing contributions of socialist countries to the development of all-out division of labor, N. Simon points out, will contribute to the expansion of world relations and their democratic restructuring and consequently to the solution of internal economic problems of the participating countries, something in which the great majority of the developing states are especially interested. But it must be pointed out that this cannot but help be in contradiction to the character of existing international capitalist division of labor and with the interests of capitalist monopolies, based on capitalism's traditional aims, forms and principles and likewise attempting to realize neocolonialist conceptions. For the expansion of socialist countries' participation in global economic cooperation, democratic restructuring of world economic ties, significant efforts are required. The

success achieved in solving this task will to a large degree promote socialist integration, making it possible to utilize the economic potential of the CEMA countries with more coordination, greater purpose and efficiency.

At the same time, it is very important, Yu. Shiryaev adds, that the present system of socialist division of labor protects CEMA countries from the most serious consequences of economic upsets and crises shaking the world capitalist economy, although the situation on the world market naturally cannot help but be reflected to a certain degree in the foreign economic situation of these countries.

There can be cited as an example the solution of the problem of deliveries of oil under conditions of a sharp price increase and reduced offerings on the world market. Thus, during the present five-year plan the USSR is delivering to other CEMA countries almost 370 million tons of petroleum and 40 million tons of petroleum products. Moreover, the oil prices do not directly follow world prices. In summation, the savings of CEMA oil importing countries is calculated yearly at billion of rubles due to the difference between world prices and mutual-trade contract prices. It is also significant that the Soviet Union grants to oil importing countries large credits for balancing of commodity turnover, at the same time increasing deliveries of gas and electric power to other CEMA countries (88 billion cubic meters and 64 billion kwhr, respectively, for the five-year plan). In sum, the energy problem in CEMA countries has not been in such a critical form as in most Western countries.

In summarizing the results of the correspondence "Round Table," K. Mikul'skiy emphasized that one of the most important directions of work of the communist and workers parties of CEMA countries on questions of socio-economic strategy is increasingly fuller use of the developmental laws of national economies within the world socialist community. Socialist economic integration belongs to the very "heart" of the concept of the long-range development of national economies. The strategic goals of the CEMA countries and their resource provision (first of all, prospects of the dynamics of effective utilization of resources) are determined today to a significant extent by the possibilities inherent in integration. For the fulfillment of its historical role as an accelerator of the rise of socialist economy, the integrating process must become increasingly deeper and comprehensive, increasingly more systematic and highly organized. Consequently the tasks of expanding socialist economic integration are the subject of unremitting attention of the communist and workers parties of CEMA countries.

The working out of the idea of economic cooperation by the fraternal countries, its embodiment in party directives, in the decisions of state organs and in planning documents, explanation of the meaning of integrational measures to the broad masses of workers, orientation of planning and operational organs, associations and enterprises toward strict observance of commitments in regard to the fraternal countries and development of the

initiative of production collectives for better fulfilment of the orders of partners from the fraternal countries and other work connected with integrational measures—all these aspects of the work of communist and workers parties create a solid foundation for the further expansion of socialist economic integration in the interest of each country and the whole socialist community.

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Long-Term Programs

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[Article by Prof Yu.A. Konstantinov: "Long-Term Goal Programs and Their Financial Currency Provision"]

(Text) At the 25th CPSU Congress, L.I. Brezhnev said: "On the basis of what has been achieved, we can now take the next step forward. We have on the agenda the working out and fulfillment of long-term goal programs. Their purpose is to provide by common efforts for the rapidly growing needs for power, fuel, basic raw materials and to satisfy more fully the demand for food and manufactured consumer goods, as well as to speed up the development of transport. These are our immediate common tasks."

In accordance with the decisions of the parties and governments of the CEMA member-countries, an agreement was reached to work out five long-term goal programs of cooperation (DTSPS). And here they are all prepared and adopted. Three of them (in the field of energy, fuel and raw materials; agriculture and food industry; machine building) were approved in June 1978 in Bucharest at the 32nd Session meeting, two (on satisfying rational needs of CEMA member-countries for manufactured consumer goods and on the development of transport links) at the 33rd Session meeting of the Council held in June 1979 in Moscow.

The Council of Economic Mutual Aid thereby commemorated its 30th anniversary with still another major contribution to strengthening of the planning bases of socialist economic integration. The DTSPS constitute a development and concretisation of the Complex Program of Further Expansion and Improvement of Cooperation and Development of Socialist Economic Integration of CEMA Member-Countries. The programs stem from the need of providing effective cooperation intended for the long term in the most important spheres of material production, turnover and transport and also strengthening of the positions of the socialist community in world economy. The DTSPS specify a coordinated strategy of cooperation for CEMA member-countries for up to 1990 in the solution of basic problems of social-economic development. They are for the purpose of making broader use of the advantages of socialism and helping find economic solutions in the interest of each fraternal country and the common interests of all CEMA member-countries.

in a statement of the CEMA Session on the Thirtieth Anniversary of the Council of Economic Mutual Aid it is noted: "The Session of the Council is examining the long-term goal programs approved at its 32nd and 33rd meetings as an important new step in the development of expansion of the mutual economic cooperation of the CEMA member-countries. The complex of practical actions designated in them will provide the fraternal countries with reliable guidelines for a joint solution of a number of most important national-economic tasks in the next decade."¹

With the aid the DTSPS, CEMA member-countries intend in the coming decade to firmly direct their cooperation primarily to all-out acceleration of scientific and technical progress; satisfaction of rational needs for raw materials, fuel and energy, machinery, equipment and modern technology; improved supply to the population of foodstuffs and manufactured consumer goods; creation of an effective and technically perfect transportation network for CEMA member-countries in conformity with the growing requirements of their national economy and mutual cooperation.

Each DTSPS consists of basic general positions determining the strategy of cooperation of CEMA member-countries in a given field and subprograms including a system of concrete measures for sectors and subsectors. The main provisions of a DTSPS, formulating a coordinated strategy of cooperation for the joint solution of the most important tasks, contain collectively developed basic principles, directions and methods of their stage-by-stage solution.

The DTSPS in particular provide measures contributing to the further economic development and boosting of the efficacy of the economies of the Socialist Republic of Vietnam, the Republic of Cuba and the Mongolian People's Republic.

/Long-term goal program of cooperation on providing for the economically valid needs of CEMA member-countries for basic forms of energy, fuel and raw materials./² The need for this program is due to the rapidly growing needs for fuel and raw-material resources because of the dynamic development of the national economies of CEMA member-countries. Their satisfaction requires the collective efforts of all countries on the basis of combining their material, financial and, in a number of cases, labor resources.

The main purpose of the program is to achieve the required growth of power carriers and energy through increased production and mutual deliveries in an economic region and their receipt from third countries. The chief general provision of the program stems from the necessity of maximal use by each country of its own fuel-power and raw-material resources; determination

1. PRAVDA, 30 Jun 1979.

2. Descriptive headings enclosed in slantlines at beginning of certain paragraphs appear in boldface translator's note.

of ways of achieving biggest economies of these resources through the implementation of appropriate measures; creation of the most effective structure of production from the point of view of its energy intensiveness and material intensiveness; creation of equipment ensuring high productivity of labor.

The program consists of two sections. The first is made up of five subprograms encompassing measures with whose help the energy and fuel problem must be solved. The second section outlines the solution of questions connected with the development of cooperation in the field of industrial raw materials (ferrous and nonferrous metals, chemical raw materials and so on).

The program is characterized by a high level of complexity of the outlined measures. It includes a special subprogram of cooperation of CEMA member-countries in the field of exploratory and geological prospecting work. This is intended to help in the location of reserves of fuel-energy and raw-material resources for the purpose of ensuring their necessary growth. Operations are being considered not only on land. It is planned through joint efforts to carry out geological-geophysical investigations for the purpose of locating petroleum, natural gas and other mineral resources.

The program concentrates the joint efforts of CEMA member-countries on the attainment of such aims as: accelerated development of atomic energy, increased extraction and effective use of hard forms of fuel, ensuring of the further development of the amalgamated electric-power systems of CEMA member-countries, more intensive processing of petroleum and gas, location of energy-intensive sectors in regions of fuel production.

/Long-term goal program of cooperation in the field of agriculture and food industry./ The aim of the program is to contribute to the solution of the task of fuller satisfaction of the rational needs of the population of the CEMA member-countries for basic forms of products of nutrition, for the most important food products and for the creation of necessary reserves. The means of achieving this goal lie in intensive development of one's own production in each country; the further expansion and deepening of international socialist division of labor; development of economic and scientific-technical cooperation of CEMA member-countries. It is intended for countries to make maximum use of natural-climatic conditions so as to provide more fully for their needs for grain, forage, animal-husbandry products and other basic agricultural products.

It is planned to implement a complex of measures for the solution of this task. The chief of them are: strengthening of the material-technical base of agriculture and food industry; aid in increasing in each country the production of basic agricultural products in fresh and processed form; development of production of export shipments in countries with favorable climatic conditions for this; deepening of the scientific and technical co-operation of CEMA countries in the agroindustrial sectors of their economies.

DTSPI in the field of agriculture provide for the development of new promising varieties and hybrids of grain, legumes, oil-seed crops, sugar beet, potatoes, fodder, vegetable and fruit-berry crops answering to the requirements of intensive agricultural production and possessing high potential yield and high product quality, resistant to unfavorable environmental factors and suitable for industrial methods of cultivation and harvesting in different soil and climatic conditions.

The program outlines concrete measures for developing new breeds of agricultural animals and poultry most fully meeting the conditions of maintenance on farms of the industrial type. In this connection, it is planned to create on an international scale and to mutually employ a unique biological factor of agricultural production--gene pool (genofondy) of the best breeds of cattle and poultry.

In the solution of tasks of the whole food complex, an important role is played by sectors of the food industry. Taking this into consideration, the DTSPI provides for the implementation of measures aiding CEMA member-countries in increasing production and raising the quality of the most important food products on the basis of the most complete and rational processing of agricultural raw materials through improvement of existing technological processes and the creation of new ones.

Thanks to this and other measure, tasks will be more successfully solved in the further improvement and rationalisation of feeding of the population of CEMA member-countries and creating necessary reserves.

/Long-term goal program of cooperation in the field of machine building./ The necessity for creation of the program was dictated by the need for a systematic conversion of cooperation in machine building to a long-term basis with great purposefulness of aim. This is due to the complexity of resolving problems of equipping and reequipping the most important sectors of the capital economy of CEMA member-countries and attracting, financial and labor resources.

The aim of the program is to provide through joint efforts of the countries for their need for machinery and equipment required for the fulfillment of measures provided by the DTSPI in the field of energy, fuel and raw materials, agriculture and food industry and to aid in the development of machine-building sectors, which would provide for its qualitative reorganisation.

At the 33rd Session meeting of the CEMA subprogram were supplementarily approved that would contribute to provide machinery and equipment for measures provided in the DTSPI for satisfying the rational requirements of CEMA member-countries for manufactured consumer goods and for the development of their transportation networks.

In the path of realization of the DTSPI in the field of machine building, the cooperation of the CEMA member-countries will be concentrated on

ensuring a high rate of its development for the purpose of fuller satisfaction of the needs of the most important sectors of the national economy for machinery and equipment of a high technical-economic level; boosting of the economic effectiveness of machine building on the basis of international socialist division of labor, possible curtailment of the products list of machinery and equipment produced in parallel by the countries and expansion of the scale of their production and mutual deliveries of specialized products; initiation of production of new types of modern machines and manufacturing equipment; development of scientific-technical cooperation in machine building and competitiveness of the machinery and equipment.

/Long-term goal program of cooperation in the satisfaction of the rational needs of CEMA member-countries for manufactured consumer goods./ The aim of the program is cooperation in the fuller satisfaction of the rational needs of the population for basic types of manufactured goods through the realization of coordinated cooperation measures aimed at increasing production volume, improving product quality, expansion and renewal of their assortment on the market of each of the CEMA member-countries. The program provides for concrete measures contributing to the expansion of mutual deliveries of fabrics, clothing and carpets, footwear, furniture, porcelain and pottery wares, crystal and glass products, household radio-electronic products of long-term use. Mutual deliveries of finished products are planned to be expanded through the channels of foreign trade on the basis of coordinated plans and by means of traditional exchange carried out along the line of internal trade.

For the purpose of reequipping the material-technical base of industries producing consumer goods, there has been developed a subprogram of cooperation for providing CEMA member-countries with needed machinery and equipment for the light and furniture industry.

/Long-term goal program of cooperation in the development of transport connections./ The aim of the program is quantitative and qualitative satisfaction of economically based needs of CEMA member-countries for mutual hauls of freight and passengers. The aim is to be achieved through further coordinated development of transport systems on the basis of quality equipment and advanced technology and their increasingly closer interoperation.

The program was compiled in coordination with goal programs of cooperation in other spheres of material production. In the course of its development, tentative shipment volumes between CEMA member-countries were determined for the long-term period. According to preliminary estimates, the annual volume of reciprocal shipments of CEMA member-countries for 1981-1990 will increase almost 30 percent. The shipment structure for individual types of transport in principle will not change. The share of railroad transport will be somewhat curtailed in the total volume of shipments because of an increase in the share of sea and river transport.

An appropriate subprogram of cooperation has been approved for satisfying the needs of the transport ties of CEMA member-countries for machinery and

equipment. It includes measures aimed at deepening and expanding specialization and cooperation of production and the creation of higher quality machinery and equipment for railroad, water and motor transport and also for the development of a unified container transport system.

Realization of the program will be a major contribution to the solution of transport problems of CEMA member-countries, especially in providing for growing mutual hauls in the long-term period.

Even a brief description of the long-term goal programs of cooperation makes it possible to make a number of general conclusions. First of all, DTsPS are of significant aid in the solution of the main social-economic tasks of further raising the material and cultural living standards of the people of CEMA member countries. Two subprograms—in the field of agriculture and food industry and in the field of production of manufactured consumer goods—are directly aimed at this. Other subprograms will also contribute to this. The DTsPS for machine building provides, for example, for supplying sectors of the light and food industry with modern machinery and equipment. Realization of the program of cooperation in the field of fuel, power and raw materials ensures their growth not only for the purpose of production use but also creates the possibility of increasing the delivery of electric power for consumer needs. The program for development of transport connections will help improve conditions of hauling passengers.

By taking in the more pressing problems of cooperation, the DTsPS opens up new possibilities for the development of coordination of the national-economic plans of CEMA member-countries, especially on a multilateral basis. Inasmuch as the DTsPS are intended for a rather extended interval of time, they serve as a connecting link between five-year plans, which ease the conditions of solving such a pressing task as continuity of planning.

One of the characteristic features of the DTsPS is their clearly expressed investment character. Their realization requires large economic resources, including financial and currency. In this connection, the problem of financing DTsPS is of rather pressing importance.

Experience shows that in the mobilization of monetary resources an important role is played by national finance-credit systems of the CEMA member-countries. In the USSR, for example, it was planned in 1976-1980 to mobilize 1.9 trillion rubles of financial resources or almost 500 billion rubles more than in 1971-1975. Most of the sum, which exceeds 1 trillion rubles, will be mobilized and spread through the USSR state budget.

The measures adopted by the communist and workers' parties of the CEMA member-countries for the building up of economic power, expansion and renewal of fixed capital, providing for a stable balanced growth of the entire economy create conditions for the consistent and planned increase of their own sources of financial resources. It is clear that a part of them can be used for the financing of long-term goal programs of cooperation.

Socialist economic integration is emerging as an increasingly important factor in the economic growth of CEMA member-countries, of their financial income, and consequently of their financial resources. In his greeting to the participants of the 33rd Session meeting of the Council of Economic Mutual Aid, L. I. Brezhnev emphasized: "Socialist economic integration has become an essential feature in the life of our community, a powerful and stable factor of the all-round progress of the fraternal countries."

But the efforts of just the national finance-credit systems of the CEMA member-countries evidently will be insufficient. Actually, while the investment program of the Coordinated Plan of Multilateral Integration Measures for 1976-1980 is valued in monetary terms at about 9 billion transferable rubles, in each of the later five-year plans compiled on the basis of the DTsPS and computed until 1990, it will cost much more. In this connection, in the financial currency provision of the DTsPS, an important role is to be played by international socialist credit. At the present time, the most developed form of participation of CEMA member-countries in joint capital investments is granting of goal long-term credits on the basis of intergovernment agreements.

These agreements are based on the fact that the financing of constructed installations is carried out by participating countries jointly on a compensation basis. The interested countries provide for a country on whose territory an installation is being built advance deliveries of materials, machinery and equipment required for the erection of the installation, as well as consumer and other goods or perform certain turnkey work. Deliveries of products of the given installation following its commissioning will be made to the account of advance deliveries.

In addition to this, other means of financing of (credit extension for) measures are used in the field of economic and scientific-technical cooperation of CEMA member-countries: separate financing of each country taking part in cooperation, share participation in joint financing and so forth.

All the enumerated methods of financing (credit extension) can be used in the future following conclusion and implementation of general agreements and bilateral agreements stemming from them connected with the realization of the DTsPS.

In the mobilization of monetary resources required for DTsPS financing, a major role can be played by the international financial currency system of the CEMA member-countries. Today these countries have at their disposal a quite perfected finance-currency mechanism. They also have the international collective socialist currency (the transferable ruble), a system of multilateral settlements and credit extension in this currency and two collective banks--the International Bank of Economic Cooperation (IBES) and the International Investment Bank (NIB).

In the Declaration of the CEMA Session on the thirtieth anniversary of the Council of Economic Mutual Aid, it is stated: "Mutual foreign-trade, finance-currency and credit relations have been established and are constantly being improved; they stimulate planned expansion and development of economic and scientific-technical cooperation among CEMA member-countries and contribute to the efforts of these countries in weakening the influence on them of crisis occurrences of the world capitalist economy."¹

However, uninterrupted financing of the DTSFS requires in the future the further improvement of the finance-currency and the credit mechanism on an international level so that this mechanism would more actively contribute to the solution of the most important tasks of cooperation, fulfillment of mutual obligations, timely and uninterrupted finance-currency provision for joint large-scale projects and also tasks stemming from coordinated plans of multilateral integration measures of CEMA member-countries.

The collective credit system of the CEMA member-countries on the whole is adapted for the solution of these tasks. The MIB, for example, has rather solid authorized capital--1,071,300,000 transferable rubles--for developing its credit activities in the forthcoming five-year period. Of this sum, 750 million are outright transferable rubles, 321.3 million are freely convertible currency. The countries have already deposited to the account of this sum 374 million convertible; of these, 261.7 million rubles constitute collective currency in the full sense.

Actual contributions to the authorized capital and the possibility of attracting MBS credit in transferable rubles in accordance with the existing agreement provides for the issue of necessary credits in transferable rubles during the forthcoming five-year period. Special funds created in the MIB from resources of interested countries may, in addition be used for the financing of capital investments connected with realization of the DTSFS.

Pertinent work is conducted in the bank. These funds are planned to be created in connection with the designated participation of the MIB in the financing of individual installations included in the DTSFS, especially those which will be included in the Coordinated Plan of Multilateral Integration Measures for 1981-1985.

It is expected that the aforesaid funds will be established principally in transferable rubles from the resources of interested countries for credit extension for construction of facilities through joint efforts. Funds will be established for each facility. These facilities will be selected in the course of coordination of national-economic plans for the five-year period. It is specified that with the creation of the special funds, interested countries will contribute the necessary resources through deliveries of machinery, equipment, materials for the construction of facilities in amounts comparable to the share participation of the countries. Moreover, the countries may provide for contributions in transferable rubles, national currencies within the limits of their commitments and also in freely convertible

1. PRAVDA, 30 Jul 1979.

currencies. In this connection, for the replenishment of a fund, the MIB may grant credits from its own funds and funds coming from one or several participants of the fund in conformity to the rules of the bank.

The creation of these funds, aside from the appearance of a source of credit extension, it should be assumed, will contribute to greater concentration in the bank of the resources of participating countries and to strengthening of the bank's influence on the effective use of funds. For the administration of their resources, the interested countries have the possibility of using the bank's mechanism. There is being formed thereby a unified system of payments among countries for facilities of joint construction for which credit was extended by the MIB. There is concentrated in this bank the accounting of obligations of countries participating in the fund for deliveries of machinery, equipment, materials and allocated financial resources, as well as for deliveries of products to interested countries from the given installations.

The bank's specialists are taking an active part in the work of the CEMA Committee for Cooperation in the Field of Planning Activities, its bureau, other CEMA organs and the Council's Secretariat connected with the forthcoming realization of the DTsPS. This should help the bank select projects for whose financing it could provide credits in various forms. In this connection, the character of economic relating arising between partners provides the basis for the creation of a special fund from resources of interested countries for the financing of the given project.

CEMA member-countries attached major importance to mutual cooperation in the agrarian sectors of their economies. Thanks to the implementation of a long-term goal program in this field, this cooperation is being raised to a qualitatively higher level. Among the measures contributing to its expansion, provision is made for the solution of questions connected with economic stimulation of development of production of agricultural and food-gustatory products for export. This can be helped in particular by the finance-currency and credit mechanism. Interested countries with reference to specific products may: grant to supplier-countries mutually acceptable preferential credits, including long-term ones; use credits of the International Investment Bank for the construction in these countries of individual agricultural and food-industry facilities, including credit at preferential conditions in accordance with the decisions of the bank's council; create in the MIB in accordance with the Agreement on its Formation and Charter special funds of credit extension to the construction of specific facilities through joint efforts, including in the field of agriculture and the food industry.

The problem of finance-currency provision of the DTsPS cannot be reduced solely to sources of their financing or to mobilization of monetary resources for this through these or other channels. This is a many-sided problem. Practical realization of the DTsPS will be carried out in the following directions: development of scientific-technical cooperation, including the

creation of scientific-technical cooperation, including the creation of joint laboratories, temporary international scientific-research collectives; expansion of specialization and cooperation of production for finished products, semifinished items, assemblies and parts; expansion of cooperation in the field of cooperation in the field of capital investment (coordination of investment programs for individual projects, creation of capacities through joint efforts and funds, creation of joint enterprises in CEMA member-countries or in third countries); improvement of forms and methods of foreign-economic ties ensuring the fulfillment of long-term goal programs.

There is no doubt that completion of the development of long-term goal programs is an important economic and political achievement. At the same time, as was observed at the 33rd meeting of the CEMA Council, the programs determine only basic scales and directions for the solution of tasks facing countries on the basis of their real possibilities. Therefore in the decision of the session one of the basic tasks set was that of preparing a whole system of agreements that would specifically spell out the scale and conditions of participation by interested countries in the realization of measures designated in the DTAPS.

The long-term goal programs of cooperation consist of about 150 multilateral and bilateral agreements. Many of them have already been signed. After the 32nd Session meeting of the CEMA, which approved the first three programs, interested countries concluded 22 agreements. They include big agreements on cooperation in the development of energy and machine building. In particular, general agreements have been signed on cooperation in the erection on the territory of the USSR the Khmel'nitskaya Atomic Electric Power Station, agreements on cooperation in the construction and operation of a 750-kilovolt power line running from Khmel'nitskaya AES (USSR)—Rzhev (Poland) and the Rzhev substation.

In the course of the 33rd CEMA Session meeting, another 14 multilateral agreements were signed in different fields of cooperation. They include an agreement on multilateral international specialization and cooperation of production and mutual deliveries of equipment for electric power stations during the period of 1981-1990. In conformity with it, there will be built on the territory of member-countries with the technical aid of the USSR atomic electric power stations with a total capacity of about 37 million kilowatts. Their operation will make it possible to save yearly about 70 million tons of conventional fuel. A general agreement on specialization and cooperation of energy-intensive and less energy-intensive chemical products is also of major importance. Participants of the agreement will obtain from the USSR energy-intensive chemical products without expending their power carriers, compensating for these deliveries with less energy-intensive products.

As for the system of payments and credit extant in transferable rubles in use in the MDES, it may in the future provide for the handling of a growing volume of payments and satisfaction of potential requirements of

authorized banks for credits in connection with the growth of mutual commodity turnover on the basis of implementation of long-term goal programs of cooperation of CEMA member-countries. Nonetheless it is important to further improve the payment-credit mechanism of the MREES. There is to be improved in particular planning of credits in transferable rubles, the effectiveness of multilateral payments in collective currency is to be increased and the gradual drawing closer and equalizing of the levels of economic development of CEMA member-countries is to be more actively assisted, for example, through the use of preferential conditions for transferable rubles.

Attaching an important significance to the economic planning mechanism for the accomplishment of the DTsPS, the CEMA Permanent Commission for Financial-Currency Questions recognized the advantageousness of representatives of finance and banking organs of the CEMA member-countries participating in the preparations of concrete multilateral and bilateral agreements connected with the fulfillment of long-term goal programs of cooperation. It was also decided to continue the development of questions relating to the further improvement of finance-currency and credit instruments in the field of economic and scientific-technical cooperation of CEMA member-countries, including in connection with the fulfillment of the DTsPS.

A need for this exists. Realization of the DTsPS presupposes the erection of installations with high capital intensiveness, requiring large material, labor and monetary resources. From this the question becomes increasingly urgent of a fuller provision of payment equivalency and reliability of economic assessment of adopted measures, which in its turn could require further improvement of the finance-currency instruments.

There is in particular evidently a need for making more precise the order of payments for expenses produced from internal prices and tariffs of CEMA member-countries in the field of economic and scientific-technical cooperation in the case of joint erection of facilities. Moreover, this procedure is rather complex and laborious; it should certainly be simplified if possible.

It is clear that it is no less important to raise the efficiency of the finance-currency and credit mechanism in the solution of tasks connected with the process of international specialization and cooperation of production to which the DTsPS adds a new impulse for development. Successful realization of the DTsPS requires further improvement of other aspects of commodity-monetary relations.

In his greeting to the participants of the 33rd Session of the Council of Economic Mutual Aid, L.I. Brezhnev pointed out the need "...to transform

the next two five-year plans into a period of intensive production and scientific-technical cooperation. CEMA organs are called upon to aid in boosting socialist production at the most advanced positions of science and technology and to help use the powerful productive forces of our states with the maximum effect. All this will strengthen the base for growth of the living standard of the peoples of the socialist countries in the coming years."¹ It is important to direct the finance-currency mechanism and its credit instruments in active aid of this under the conditions of realization of the DTsPS.

1. PRAVDA, 27 Jun 1979.

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USSR-CEMA TRADE

MULTILATERAL, BILATERAL CEMA TRADE REVIEWED

Various Facets of Trade

Moscow EKONOMICHESKAYA GAZETA in Russian No 14, 1980 pp 14-15

(Article: "Socialism: Long-Term Goals of Cooperation")

(Text) The course of history, the most profound transformations, which have radically changed the appearance of the modern world, are constantly bringing forth new evidence of the rightness and of the indestructable force of Lenin's ideas.

Under the banner of Leninism socialist revolutions have won victories in a number of countries in Europe, Asia, and Latin America. The world-wide socialist community, united on the basis of Marxism-Leninism and socialist internationalism, finds itself in the vanguard of social progress and is the most dynamic economic and political force of peace and security among peoples.

From the resolution of the CPSU Central Committee "On the 110th anniversary of the birth of Vladimir Il'yich Lenin".

The blossoming of each of the countries of the socialist community is indissolubly connected with the development of their fruitful and equal cooperation in all areas. Cooperation in the area of economics is the most complete and diverse between CEMA-member countries.

Formed as an organization of cooperation between European socialist countries -- Bulgaria, Hungary, GDR, Poland, Roumania, USSR, and Czechoslovakia -- CEMA today encompasses 10 socialist countries from three continents. In 1962 the Mongolian Peoples Republic joined CEMA, in 1972 -- the Republic of Cuba, and in 1978 -- the Socialist Republic of Vietnam.

Today approximately 440 million people live in the 10 CEMA-member countries.

The growth rate of the national income is approximately 2.4 times greater than that of the developed capitalist and the industrial production of CEMA-member countries is three times greater. In 3 decades CEMA-member countries

increased their share of world-wide industrial production from 10 percent to approximately one-third, national income -- from 15 to 25 percent. In many areas of scientific-technical progress they have achieved the world's highest levels. Agriculture has been restructured or is being transformed according to socialist principles.

The highest meaning of the work of communist and workers' parties is concern for the good of the people. The final goal of cooperation between fraternal countries is to raise the material and cultural level of life for workers. This has been reflected in the successful accomplishment of social programs, which are imbued with Leninist humanism. The socialist way of life has always delivered workers from exploitation and social uncertainty. Full employment of the able-bodied population has been ensured.

The magnetic force of the principles and methods of cooperation among CEMA-member countries is increasing while a growing interest in their experience among many countries of the world is being expressed.

International Unity

The creative cooperation of the countries of socialism embodies the Leninist principle of international economic relations. Only socialism, taught V. I. Lenin, creates "new, higher forms of human society when the legitimate needs... of each nationality will be satisfied for the first time in an international unity..."

The experience of the 3 decades of the existence of CEMA has shown that the international division of labor under socialism can in the course of a single generation bring about the transformation of agrarian countries into industrialized countries and promote the equalization of the levels of economic development in all the member states of the socialist community under a simultaneous overall growth of their economic might.

The most important CEMA document -- the Overall Program of Socialist Economic Integration emphasizes that "maximum mobilisation and the effective utilization of one's own efforts and resources above all and also the utilization of the advantages of the international socialist division of labor represent the basic needs for the gradual rapprochement and equalization of the levels of economic development in CEMA-member countries". One of these advantages is the ability of countries in the socialist community to render impartial, fraternal economic and scientific-technical aid to one another.

Under the conditions of international unity the economic structure of each CEMA-member country is such that it corresponds with the national interests of a given country as well as with the interests of the community on the whole.

Joint Planning Work

With the expansion of socialism beyond the borders of a single country it has in practice displayed the superiority of planned organisational economic ties on an international scale. Recently CEMA-member cooperation in the area

of planning work has been enriched by such new forms and instruments as the coordinated plan of diverse integration measures and the long-term programs of cooperation in the most important sectors of material production. Their principal innovation lies in the fact that they raise to a higher level the coordination of foreign economic ties with the national plans of economic development and make it possible to adopt a bolder approach in the transition to the direct unification and concentration of efforts and means for the purpose of resolving the most important problems.

The first coordinated plan of multilateral integration measures among CEMA-member countries, which was adopted for the years 1976-1980, envisaged the construction of dozen of important economic projects with a total cost of approximately 9 billion transferrable rubles. Included among these projects are the Soyuz gas pipeline, the Vinnitsa-Al'bertirska electric transmission line, the Kiyambayevskiy Asbestos Plant, the Erdenet Copper Molybdenum Combine, and others which were completely or partially put into operation in the years 1978-1979. In congratulating the international collective of construction workers on the Soyuz gas pipeline in connection with its acceptance for operation L. I. Brezhnev noted: "The collective experience gained in the construction of this gas pipeline is especially valuable because it shows the way to new forms of cooperation for the international working class, based on a community of ideas for the construction of a joyous communist society".

The five long-term programs adopted at the 32nd and 33rd sessions of CEMA in 1978 and 1979 determined the coordinated strategy of cooperation for the distant future. These programs will bring several important economic projects into existence. Presently these long-term programs are being developed within a system of concrete agreements, which will make it possible to transform the next two five-year plans into a period of intensive production and scientific-technical cooperation.

With these goals in mind the countries will coordinate their economic plans, compile a coordinated plan of multilateral integrated measures for the years 1981-1985, and will also work out bilateral long-term programs for the specialization and collaboration of production in the years 1981-1990.

Competition Among Builders of the New World

The new attitude toward labor expressed by the free builders of socialism and communism was clearly manifested in the international competition of collectives in honor of the most important date and events in the life of the countries of the socialist community. A socialist competition of labor collectives in honor of the 60th anniversary of the Great October Revolution was introduced at the Hungarian Krasnyy Chepel' Machine Building Plants, which are famous for their revolutionary traditions, and at the Czechoslovak Machine Building Plant in the city of Polichka in 1977. Upon the initiative of the workers of the soviet Avto VAZ Motor Vehicle Plant and the labor collectives of Krasnyy Chepel' competition for the on-time

and qualitative execution of orders for fraternal countries was introduced in 1979, on the eve of the 30th anniversary of CEMA. In 1980 the workers of the Krasnyy Ekshavator Production Association in Kiev and the workers of the Krakow Construction Machinery Plant imeni S. Shadkovskiy initiated a competition in honor of the 8th Congress of the Polish United Workers Party, and the labor collectives of the Manometr Production Association in Moscow entered into a competition in honor of the 12th Congress of the Hungarian Socialist Workers Party.

Presently workers in the enterprises and institutions of the USSR and other countries of the socialist community are competing in honor of the 110th anniversary of the birth of V. I. Lenin. Socialist patriotism and socialist internationalism are closely combined in their new labor victories.

Countries on the Path of Socialism

Year		Area, millions of km ²	Population, in millions
1917	Victory of Great October Socialist Revolution in Russia	21.7	143.8
1921	Victory of People's Revolution in Mongolia	1.6	0.7
1944-1945 and first post-war years	Defeat of fascism and rise of people's democratic countries in Europe and Asia (Albania, Bulgaria, Hungary, GDR, Democratic Republic of Vietnam, Korean People's Democratic Republic, Poland, Romania, Czechoslovakia, Yugoslavia)	1.6	126.0
1949	Formation of Chinese People's Republic	0.1	6.9
1959	Victory of Cuban Revolution	0.5	53.4
1975-1978	Proclamation of Laotian People's Democratic Republic, completion of the unification of Vietnam and proclamation of the Socialist Republic of Vietnam		

The proportion of socialist countries in world industrial production was less than 3 percent in 1917, approximately 20 percent in 1950, and more than 40 percent in 1979. CEMA-member countries today produce approximately one-third of world-wide industrial production.

By Territory and Population

	1919	1979
Territory (millions of km ²)	31.7	35.6
in percentage to total	16.0	26.2
Population (millions of people)	1.36	1462
in percentage to total	7.8	33.7

Aid to Development

Under the direct influence of the ideas of Lenin the national-liberation movement has achieved many outstanding victories. Many young countries, striving to eliminate backwardness, achieve economic independence, and build a just society, are turning to Marxism-Leninism and to the experience and aid of real socialism.

CMEA-member countries are giving economic and technical assistance to almost 90 developing countries struggling against imperialist and neocolonialist oppression. Approximately 300 machine building and metal working enterprises, more than 1,120 agricultural, light, and food industry projects, and 230 projects of the petroleum processing and chemical industry have been built or are being built in these countries with the assistance of CMEA-member countries. Being developed in the state sector they are becoming able tools of the struggle for real economic independence.

The countries of the socialist community are supporting the movement on behalf of the reorganization of international economic relations on a just and democratic basis, which is embodied in the economic interaction of the CMEA-member countries.

In the Interests of Peace and Security

Faithful to the Leninist principle of peaceful coexistence, the communist and workers' parties of the countries of the socialist community are consistently promoting the expansion and the intensification of long-term, mutually beneficial cooperation with the industrially developed capitalist countries. In the last 3 decades the overall volume of the trade turnover of CMEA-member countries with capitalist countries increased by more than 20-fold, thereby becoming more and more a material foundation for international detente.

In developing economic and scientific-technical cooperation with capitalist countries, the countries of the socialist community are constantly coming forth with concrete initiatives aimed at strengthening the foundations of detente. "Their concrete proposals concerning questions of disarmament and international cooperation," emphasized Comrade L. I. Brezhnev at a meeting with voters from the Baumanskiy Rayon of Moscow on 22 February 1980, "represent an extensive, far-sighted, and realistic program for ensuring peace in our era. We will struggle tirelessly and persistently for its realization".

(Information from graph: production growth of industrial production according to groups of countries (1950 = 100). With an index of 100 for the base year 1950 the socialist countries achieved a production growth of 354 in 1960, 723 in 1970, and a 14-fold increase in 1979. Starting with the base year of 1950 the developing countries achieved a production growth of 234 in 1960, 459 in 1970, and 747 in 1979 while the industrially developed capitalist countries achieved a growth rate of 162 in 1960, 284 in 1970, and 391 in 1979.)

Energy, Fuel, and Raw Materials

The long-term program of cooperation in the area of energy, fuel, and raw materials is directed toward providing for the rapidly growing needs of CEMA-member countries in electric energy, the basic forms of fuel, and raw materials.

It envisages the accelerated development of nuclear energy as one of the most important measures. In the years 1981-1999 the program provides for the construction of nuclear power plants with a total capacity of approximately 37 million kilowatts in the European countries of CEMA and in the Republic of Cuba and also for the construction of two more nuclear power plants with a capacity of 4 million kilowatts each in the USSR, from which a portion of the electricity produced will be delivered to fraternal countries. This, on the whole, will make it possible to produce an additional annual amount of electric energy equivalent to approximately 75 million tons of conventional fuel. Large scale cooperation in the production of equipment and apparatus for nuclear power plants is being developed for the accomplishment of these tasks.

The program envisages an increase in the extraction of and an improvement in the utilization of internal resources with respect to solid forms of fuel. It is intended to further develop the unified electric power systems of our countries. Measures for ensuring the more thorough processing of oil and gas and for limiting their use as a fuel have been adopted.

The construction of new productive capacities on the basis of ores from the Kuruk Magnetic Anomaly-Metallurgic Combine with an annual productivity of 10 million tons of steel, two mining-concentration combines, and a mine with an overall productivity of 17 million tons of pellets and iron ore concentrate converted into pure iron will be accomplished by the joint efforts of the interested countries. Provisions have been made for the expansion of cooperation in the further development of the production of nickel in the Republic of Cuba.

The production of power-consuming chemical production in the USSR in exchange for low-tonnage and less power-consuming production in other CEMA-member countries will be expanded. A plant for the production of 300,000 tons of nutrient yeast from paraffin will be constructed by joint efforts.

A total of 25 large industrial enterprises will be provided for by the program.

Agriculture and the Foodstuffs Industry

The long-term program of cooperation in the area of agriculture and the foodstuffs industry will provide for the greater satisfaction of the needs of the people of CEMA-member countries in high quality foodstuffs.

The program pays special attention to measures for further increasing the average annual production of grain and leguminous crops, which in CEMA-member countries increased from 131 million tons in the first half of the 1950's to 313 million tons in the years 1976-1978, which made it possible to increase this index more than 1.5-fold with respect to per capita production -- to 770 kilograms in 1978. The complete satisfaction of the needs of CEMA-member countries in grain, including the development of necessary reserves, sets forth the task to bring this index up to 1,000 kilograms while the overall production of grain and leguminous crops will be brought up to approximately 430 million tons per year. For the purpose of accomplishing this goal provisions have been made for raising the overall standard of cultivation, providing plant cultivation with new equipment, increasing the deliveries of fertilizers, especially phosphorus fertilizer, and introducing new, promising types and hybrids of grain, leguminous, and oil-yielding crops.

The strengthening of the fodder base, the development of the production of protein fodder, the raising of breeds of agricultural livestock and poultry which most meet the conditions for maintaining an industrial type of farming are among the things envisaged for the further production of meat, which during the years 1950-1978 increased from 8.6 million tons to 26 million tons annually. In this connection the purposeful development and mutual utilization of genofunds of the best breeds of cattle and poultry were initiated.

The harvesting of sugar beets, potatoes, and other crops suitable for industrial methods of cultivation and harvesting in various soil and climatic conditions is increasing.

Much significance is attached to the development of the production and delivery of vegetables and fruits, including citrus fruits, in a fresh and processed form in those countries which have the most favorable conditions for this.

Cooperation in the area of improving the industrial processing of agricultural raw materials is being intensified.

Machine Building

The long-term program of cooperation in the area of machine building in CEMA-member countries is aimed at providing for accelerated rates of development in the production of equipment, machinery, and instruments meeting

the contemporary needs of scientific-technical progress. A whole system of measures, including the development of production specialization and cooperation, the development of new types of equipment, the expansion of existing capacities, and the development of new production capacities will be accomplished with respect to the most important types of equipment.

At the present time CEMA-member countries account for 25 percent of the world-wide production of machinery and equipment, which has essentially exceeded the proportion belonging to the Western European member countries of the "Common Market". Reciprocal deliveries of machine building products represent the most dynamic direction of foreign trade in the fraternal countries of socialism. During the years 1950-1979 the exchange of machinery and equipment increased more than 40-fold and exceeded 20 billion rubles annually; its share in the reciprocal trade of CEMA-member countries has nearly doubled and amounts to more than 40 percent, providing for approximately 66 percent of their import needs in machinery and equipment. The proportion of deliveries being accomplished on the basis of international specialization and cooperation exceeded one-third of the reciprocal trade in goods of this group.

The adopted long-term program of cooperation contains 12 subprograms, which deal with the accomplishment of more than 100 concrete measures. Seven subprograms provide a concrete basis for measures dealing with cooperation in the area of energy, fuel, and raw materials; two -- in the area of agriculture and the foodstuffs industry; three -- in the development of the qualitative reorganization of a number of sectors of the machine building industry.

Four main directions of cooperation have been singled out: the creation and development of production capacities for the purpose of meeting the needs in machinery and equipment, including that not produced in CEMA-member countries or not produced in sufficient quantities; specialization and collaboration in the production of machine building products, including sub-assemblies and parts; scientific-technical cooperation for the purpose of developing new, progressive equipment; standardisation. In 1979 56 drafts of multilateral agreements were worked out and recommended for approval with respect to these above-mentioned directions.

Industrial Consumer Goods

The long-term program of cooperation in the area of the production of industrial consumer goods will provide for the better satisfaction of the material and cultural needs of the people.

In the production of products in this group CEMA-member countries have achieved significant successes. During the years 1950-1978 the output of cotton, wool, and silk fabrics increased from 4.8 billion to 14.6 billion square meters, footwear made of leather and leather substitutes -- from 0.31 billion to 1.25 billion pairs; television sets and refrigerators -- from almost zero to 10.2 million and 0.2 million, respectively; wristwatches and pocket watches -- from 3 million to approximately 45 million.

The specialization of individual CEMA-member countries is being intensified in the production of these or other consumer goods, in connection with which the volume of reciprocal deliveries of these products is rapidly growing. Thus the USSR is basically specializing in the production and export to fraternal countries of durable products -- televisions, refrigerators, radios, electric household appliances, cameras, washing machines; Czechoslovakia is the largest supplier of footwear; Poland -- coats and outer garments; a considerable quantity of consumer goods is supplied by Bulgaria, Hungary, GDR, and Romania.

The long-term program of cooperation adopted in the area of the production of consumer goods is aimed at raising their quality and the constant renewal and expansion of selection in accordance with the growing demands of the people. It will unite efforts in the introduction of principally new manufacturing processes and equipment, which will make it possible to significantly increase productivity and improve working conditions.

The plans include a significant expansion of reciprocal deliveries of fabrics, sewn articles, carpeting, footwear, furniture, porcelain and china ware, crystal and glass, electronic products, and other durable consumer goods. The consumer goods producing sectors will receive a better supply of necessary raw materials and auxiliary materials. A reequipping of the furniture sector and a number of other sectors of light industry is planned on the basis of the latest equipment.

Transport

The long-term program of cooperation in the area of transport is aimed at the on-time and uninterrupted satisfaction of the needs of CEMA-member countries in all types of transport.

During the years 1960-1979 freight with all types of transport between CEMA-member countries increased more than fourfold, and the turnover of passengers increased 10-fold. According to preliminary estimates the annual volume of reciprocal transport in the 1980's will increase almost 30 percent.

The program of cooperation adopted by CEMA-member countries in the development of transport is aimed at the modernization of the various means of transport, the rational development of national transport systems in coordination with each other and with the European transport system. The program provides for the development of efficient transport ties, frontier railroad junctions and ports, a significant increase in transportation by river and motor vehicle transport, an expansion of containerization and other progressive means of transportation, and the mechanization of loading and unloading operations.

Efforts in the railroad transport system are being concentrated on increasing the capacity of the 14 main lines running east and west and the four main lines running north and south. As far as water transport is concerned the

ports on the Black Sea and the Danube River are being redesigned and expanded, the Il'yichevsk-Varna ferry crossing built by Bulgaria and the USSR will receive further development, the port of Rostok (GDR) will be modernized and receive new capacities, and dredging work will be accomplished in the Baltic. In motor vehicle transport basic efforts will be concentrated on increasing the capacity of the four busiest highways between Moscow, Warsaw, Odansk, Berlin, Rostok, Prague, Bratislava, Bucharest, Sophia, Kishinev, and Kiev. Air transport plans include the more rapid development of international airports, the qualitative improvement of aviation equipment, the introduction of automated air traffic systems, and the sales of tickets. It is intended to increase the volume of containerized transport fourfold, for which improvements will be needed with respect to the technical means of the Unified Container Transport System and their production will be increased.

USSR-Bulgarian Trade

MOSCOW EKONOMICHESKAYA GAZETA in Russian No 7, 1980, p 9

[Article by Deputy Division Chief I. Popov and Senior Division Expert V. Sviridov of the USSR State Committee on Science and Technology: "Fruitful Ties Between Scientists"]

[Text] The growing importance of scientific-technical progress in economic construction is setting new tasks before us with respect to the further intensification of scientific-technical cooperation among CEMA-member countries, improving the effectiveness of research, and concentrating resources on the accomplishment of important economic and social tasks.

Soviet-Bulgarian cooperation is also aimed at the accomplishment of these tasks. At the present time 60 Soviet and 20 Bulgarian ministries and departments are supporting direct scientific-technical ties. More than 200 Soviet and 150 Bulgarian institutes and planning and design organizations are cooperating in the resolution of more than 600 problems in practically all sectors of the economies of both countries.

On the Basis of Overall Programs

A general outline for specialization and cooperation in the area of material production between the USSR and Bulgaria until the year 1990 was signed in Sophia in September 1979. In it an important place is given to scientific-technical cooperation. In recent years new, progressive forms of such cooperation have come into extensive usage. One of them is the joint planning in the resolution of important scientific-technical problems. A peculiarity of this form of cooperation is the fact that the resolution of important problems is carried out on the basis of jointly planned overall scientific-technical programs. The tasks included in them are without fail reflected in the corresponding sections of the state plans of economic and social development in both countries.

The most extensively applied joint planning of scientific-technical development is in the area of chemistry, instrument making, land reclamation, and water management and also in the area of light industry. The selection of these sectors is not accidental -- a considerable amount of experience with respect to cooperation has been accumulated in them, and the practical results have found extensive application in the economies of both countries. Thus in the area of chemistry joint work is being conducted on new and improved manufacturing processes in the production of articles made of plastic. And overall program of joint work has been formed. Analogous programs have also been worked out in three other problems. They have been approved by the USSR State Committee on Science and Technology and the Bulgarian State Committee on Science and Technical Progress.

The interested scientific organizations of both countries have worked out working plans in accordance with these programs. Concrete obligations have been assigned with a strict division of labor between the parties concerned. For example, Soviet scientific organizations are working out a method for obtaining foam reagents, equipment for the overall mechanization of production sections, and an automatic device for molding thermoplast under pressure in the area of the production of articles made of plastic. In turn, the Bulgarian enterprises are manufacturing machines for molding bindings of counterpressure.

A different principle was adopted as the basis of joint work on problems in the area of instrument making. Thus in the development of instruments for an aggregate system of pneumatic means of control and regulation applicable to industrial needs, which will differ by an increased accuracy of 2-3-fold, a greater operational reliability, and a reduction of dimensions from one-half to one-tenth, research was conducted by both countries simultaneously on one and the same task for the purpose of providing a selection of optimum design and manufacturing decisions.

An important element in the overall programs of joint work is their orientation toward the final goals of cooperation: the development of new types of machinery, equipment, and materials, the working out of highly effective manufacturing processes inclusive of the mastering of new types of products in the production process in enterprises of the USSR and Bulgaria. Thus as a result of the application of a number of joint projects in the area of the production of glued nonwoven materials in enterprises of both countries, new manufacturing methods will be introduced into production, which will make it possible to significantly increase the proportion of the adhesive method in the production of nonwoven materials. At the same time labor-intensiveness will be reduced to one-fourth and one-sixth of the previous level and relative capital requirements will be reduced by one-half and two-thirds.

Wide Front of Work

In 1979 specialists from both countries defined the basic directions of scientific-technical cooperation until the year 1990 for the development of the general outline of specialization and cooperation in the area of

material production between the USSR and Bulgaria. The most important goals and tasks are as follows:

the accomplishment of an organic coordination of scientific-technical cooperation with economic cooperation, an improvement of production efficiency, an improvement of the productivity of labor. Thus the most important scientific-technical tasks, which result from the long-term programs of cooperation between CEMA-member countries until the year 1990, are taken into consideration in the basic directions;

an acceleration of the introduction of the results of cooperation in the economies of the USSR and Bulgaria. Overall programs of cooperation are being compiled for resolving the chosen problems. They provide for a complete cycle of joint work -- from the introduction of scientific and drawing and design work to the mastering of new products or manufacturing processes;

the development of prerequisites for mutually beneficial specialization and cooperation in the production of new types of equipment.

It is intended by joint efforts to carry out a whole series of large scientific research and drawing and design projects in the most important sectors of the economies of both countries in accordance with the basic directions of scientific-technical cooperation. In the area of electric power it is intended to redesign such electric power stations in Bulgaria as Maritsa Vostok, Komsomol'skaya, and Varna and carry out a program of district heating in a number of cities and rural population centers.

Also much attention is given to the problem of improved fuel economy. It is intended to work out optimal technical solutions, which will make it possible to economize an average of 40-50 grams of fuel per kilowatt of electric power, provisions have been made for the development of new steam generators, which will operate on lignite coal -- one of the basic forms of energy in Bulgaria. It is also intended to change two Bulgarian electric power stations -- the Varna Thermal Electric Power Station and the Kozloduy Nuclear Power Plant -- from a condensation system over to a district heating system.

Scientific-technical cooperation in the area of ferrous and nonferrous metallurgy will be directed at the development of highly efficient equipment with a large individual capacity in order to improve the technical level and the effectiveness of manufacturing processes with respect to new grades of steel, rolled metal, and nonferrous metals. It is intended to work out and master until the year 1990 a series of new manufacturing processes, which will provide for an average increase of 5 percent in the output of metal and a reduction of its expenditure by approximately 15-20 percent during the rolling process.

In the area of chemistry, petrochemistry, and oil refining it is intended to work out highly efficient manufacturing processes with the utilization of installations and units with large individual capacities.

In machine building it is intended to qualitatively redesign and renew stock of machinery and equipment. Above all, joint efforts will be directed toward the further mechanization and automation of production, especially in secondary operations. A whole series of new types of machinery, equipment, and instruments will be developed and their introduction will to a significant degree make it possible to reduce manual labor or replace people in shops which entail dangerous and heavy working conditions. Among them will be new types of metal cutting lathes with programmed control, hoisting and transport equipment for the automated storage of packaged freight; hydromachines and hydromotors, auto- and electro-loaders with a lifting capacity of 1.0-5.0 ton-force, caterpillars of the 2-ton force category for use in the cultivation of vineyards; self-propelled six-row corn harvesting combines; machines for the harvesting of tomatoes and grapes; automatic control systems for egg sorting machines and mixed fodder shops.

The basic directions of scientific-technical cooperation also include a wide front of joint projects in other sectors of the economy: the forest and wood processing industry; the light, food, and microbiological industry; agriculture and transport; the area of environmental protection.

The experience gained from mutually beneficial bilateral scientific-technical cooperation between the USSR and Bulgaria indeed demonstrates that by unifying efforts and leaning on an international unity of interests the fraternal socialist countries can achieve vast successes in the development of science and technology and in raising the living standard of their people.

USSR-Hungarian Trade

Moscow EKONOMICHESKAYA GAZETA in Russian No 10, 1980 p 20

(Article by V. Polyakov: "Levels of Cooperation")

[Text] Two events determined the contemporary political and economic life of Hungary. The country is preparing for the regular congress of the VSRP [Hungarian Socialist Workers Party] and also for the 35th anniversary of liberation from fascism. The Hungarian people are summing up the results of their accomplishments, are planning prospective economic and social development, and are developing mass competition for the successful accomplishment of the tasks for 1980. Labor collectives in enterprises have taken on obligations to commemorate the year of the convening of the 12th congress of the VSRP with an accelerated work rate and an essential improvement in the efficiency of production.

Dependence on a Stable Foundation

"In order to better evaluate the current successes of the Hungarian economy," states Deputy Division Chief Adam Bonifert of the VSRP Central Committee, "it is necessary to remember what our country was like before the victory of the people's revolution. An extremely weak industry, a backward agriculture, an exceptionally low standard of living, and a complete dependence on imperialist states. It was necessary to overcome this heavy legacy in a short time and to transform Hungary into a socialist country with a developed economy capable of ensuring a continuous raising of the standard of living."

And this heavy legacy was overcome. In 1948 the USSR and Hungary concluded an agreement of friendship, cooperation, and mutual aid, and a year later -- an agreement on scientific-technical cooperation. The fraternal assistance of the USSR, the development of mutually beneficial economic ties made it possible for Hungary to develop a modern socialist industry and a cooperative agriculture. The USSR handed over to Hungary more than 3,000 sets of technical documentation, which played a decisive role in the construction of 140 large industrial projects on Hungarian soil. Among them are the coke and ore concentration shops in the metallurgical combine in Dunayvarosh. In this combine the USSR supplied most of the equipment for the blast furnace and steel smelting shops. Today the first nuclear power plant in Hungary is being erected with the assistance of the USSR, metallurgical production is being redesigned, and a number of complete industrial enterprises extremely important to the Hungarian economy have been delivered.

As far as industrial development is concerned the Hungarian Peoples Republic is becoming a large economic partner of the USSR in the area of bilateral cooperation as well as in the framework of CEMA with respect to cooperation and specialization of production, especially in the area of machine building, the chemical industry, and agriculture.

The close cooperation of specialists and scientists from the USSR and Hungary, in particular, made it possible to achieve vast progress in motor vehicle building and in sectors producing computer equipment and means of communication. I will cite a few figures, which were courteously provided by the editorial staff of the Hungarian economic weekly FIDELE. In the current five-year plan Hungary will deliver to the USSR 32,000 buses, 154,000 rear-axle assemblies for buses and trolleys, computers and parts amounting to a total value of 300 million rubles.

In turn Soviet motor vehicle enterprises will supply Hungary with 30,000 trucks, approximately 200,000 light motor vehicles, including 180,000 Zhiguli automobiles. It is interesting that approximately half of the above-mentioned motor vehicles are sent in exchange for Hungarian assembly components, which are delivered to the USSR on a cooperative basis.

The same can also be said for petrochemistry. On the basis of mutual co-operation and collaboration Hungary is successfully developing this important sector and has become a supplier of chemical products. In accordance with

the concluded agreements within 10 years Hungary will supply the USSR with 130,000 tons of ethylene annually receiving in exchange the necessary plastic.

Mutual Advantage

These notations do not pretend to be a more or less complete description of the forms of cooperation between these two fraternal countries. Therefore, I will not cite numerous agreements, projects, which have been accomplished or are being accomplished on a bi- and multilateral basis, and other large scale measures. I will cite a few examples of mutual aid and work in the area of agriculture.

Our Hungarian friends attribute the rapid increase in the production of grain to the intensive cooperation of our countries in the area of selection and seed-growing and to the introduction of new technology. In addition to domestic grains cultivated in Hungary, they have also cultivated Soviet varieties, in particular, the famous wheat developed in Krasnodar by Academician P. P. Luk'yanenko. The potential productivity of the new grain is 60-70 and more quintals of grain per hectare. Agricultural workers in Hungary have taken skillful advantage of these new opportunities and achieved outstanding results in a very short time.

The productivity of the most important grain crops increased as follows (quintals/hectare on the average):

	1966-- 1970	1971-- 1975	1977	1978
Wheat	24.3	33.2	40.5	42.8
Corn	32.3	41.7	46.4	52.0
Oats	13.9	18.2	20.2	26.6
Barley	21.2	28.8	31.5	33.0

Keeping in mind the particularly important role of food grains in the strengthening of the fodder base, Hungarian farms are maintaining its high proportion. Food grains make up almost two-thirds of all crops.

Last year in Hungary was not favorable with respect to weather conditions, and the harvest turned out to be somewhat less than in 1978, but, nevertheless, approximately 37 quintals of wheat per hectare and 43 quintals of corn were harvested.

Production systems with respect to corn, winter wheat, and sugar beets were developed in the country under the leadership of basic enterprises, which were responsible for the technology, seed growing, mechanization, and the final results with respect to the production of graded products.

The method of cultivating corn without manual labor, which was developed by Hungarian specialists, is being successfully applied in the Moldavian

SSR. The method of cultivating so-called dwarf gardens, which was previously applied in Hungary, also received extensive application in Moldavia. At one time our Hungarian friends came to Moldavia, assisted in the planning of the first industrial garden in the Prut Sovkhoz in Ungarskiy Rayon, which covers an area of 1,500 hectares, and supplied them with seedlings. In a short time the collective of the sovkhoz, which is headed by Hero of Socialist Labor Ya. N. Chakir, mastered the new method and now obtains a harvest of 300-350 quintals of apples per hectare. Industrial gardens of a similar type were also developed in other rayons of Moldavia. I had the opportunity to see the garden in the Prut Sovkhoz. It is rightfully called the garden of friendship. It is appropriate to recall that the noted Hungarian horticulturist, L. Payvashi, took part in the establishment of the garden. While he was in Moldavia, he noted: "The collective of the Prut Sovkhoz has developed our idea and has made a new foundation for the organization of industrial gardening."

Evidently, Payvashi had in mind the fact that the labor processes in the Prut Sovkhoz are mechanized to the maximum degree and the irrigation is completely automated, which provides for an essential reduction of production expenditures.

Hungary, in turn, is finding extensive use for Soviet methods of cultivating sugar beets. Until recently this was an extremely labor-intensive crop. Today, thanks to the introduction of single-sprout seeds and machinery for presowing and inter-row cultivation and the harvesting of roots, sugar beets have become a crop in which all the work can be mechanized.

Interfarm Cooperation

Our Hungarian friends are expressing considerable interest in the work of the kolkhoz councils in the USSR and also in interfarm cooperation. The fact of the matter is that oblast cooperative unions have existed in Hungary for a long time already, and the desire to make them even more efficient is natural. We acquainted ourselves with the work of the cooperative union in D'yer. It combines 70 cooperatives and understands its chief purpose to be the development of interfarm ties and the accomplishment of an optimum variation of production specialization. In the initial stage of operation the cooperative union primarily concerns itself with the organization of the feeding of livestock and poultry, questions dealing with construction, and problems of vertical integration in such sectors as beet growing and gardening. Today its role is emphasized in the organization of oblast cooperation, that is, the participation of cooperatives in various interfarm associations for the purpose of making better utilization of all the opportunities in the oblast. Thus the cooperative union worked out a plan of cooperation in the production of fodder. Its goal is to bring the production of mixed fodder as close as possible to the consumer. An outline for such cooperation was prepared. What will it yield and what has it already yielded? The transporting of fodder is being significantly reduced. The same applies to the raw material used in the mixed fodder enterprises. The Derszam' Cooperative, headed by Comrade Ishtvan Ferenczi,

had its own mixed fodder shop and produced mixed fodder for 1,500 head of cattle. On the basis of experience gained from this shop specialists of the cooperative union recommended the development of a mixed fodder plant, which could serve several farms. This was done. With the assistance of other farms the mixed fodder shop was transformed into a mixed fodder plant and today it produces considerably more fodder and has reduced expenditures for the transporting of fodder, which in the final count has resulted in a reduction of the prime cost of feeding cattle. We have cited one example. There are dozens of similar such examples of so-called oblast cooperation throughout the oblast on the whole. Additional resources have been put into use. The cooperative union deserves the credit.

Serious attention is being given to the processing of products directly in the cooperative. For example, in the same cooperative, Dersamov', the production of sauerkraut and salted and marinated cabbage has been organized. Special shops with corresponding equipment have been developed for this purpose. Finely cut cabbage is packed into a tank with a capacity of 50 tons and then is shipped to the consumer in packaged form.

The cooperative unions are striving to make certain that the farms involved in the processing of products do not experience any difficulties in material-technical supply.

10576
CBO: 1825

USSR-CEMA TRADE

BRIEFS

TRADE IN COMPUTER EQUIPMENT--In 1980 mutual deliveries of computer equipment between the USSR and Bulgaria will amount to 180 million rubles' worth, and 51 million rubles' worth between the USSR and the GDR. Our country will supply our partners with computer model YeS-1022, YeS-1035, YeS-1060 and table model computers and will import the YeS-1055 computer, peripheral equipment for computers, and other equipment. The deliveries are covered by contracts between the Elektronorgtehnika All-Union Association and the Isotimpex Foreign Trade Enterprise (Bulgaria) and Robotron (GDR). [Text] (Moscow EKONOMICHESKAYA GAZETA in Russian No 5, 1980 p 20) 10576

TRADE AGREEMENT WITH GDR--A protocol concerning trade turnover between the USSR and GDR for 1980 was signed on 22 January in Berlin. It provides for an increase in reciprocal deliveries of machinery and equipment and consumer goods for the purpose of assisting the further accelerated development of the economies in both countries, improving the effectiveness of production, and increasing the well being of workers. The protocol was signed by USSR Minister of Foreign Trade N. S. Patolichhev and GDR Minister of Foreign Trade H. Zells. [Text] (Moscow EKONOMICHESKAYA GAZETA in Russian No 5, 1980 p 20) 10576

USSR-GDR COOPERATION STUDIED--Today V. Honecker, general secretary of the Central Committee of the Socialist Unity Party of Germany and the chairman of the State Council of the GDR received N. S. Patolichhev. In the course of their conversation questions concerning the further intensification of economic cooperation between the two countries and tasks regarding the expansion of socialist economic integration were examined particularly with respect to programs of production specialization and cooperation until the year 1990. E. Honecker noted the vast importance of this program for the development of cooperation and friendly relations between the workers of the GDR and the USSR. [Text] (Moscow EKONOMICHESKAYA GAZETA in Russian No 5, 1980 p 20) 10576

CSO: 1825

TRADE WITH INDUSTRIALIZED COUNTRIES

FRG OFFICIALS WANT TO CONTINUE TRADE WITH USSR DESPITE U.S. EMBARGO

Moscow SOVETSKAYA TORGOVLYA in Russian 15 Apr 80 p 3

[Article by Yu. Popov, NOVOSTI NEWS AGENCY, Cologne: "Opposition to Economic Sanctions"]

[Text] Horst Schieffmann, chairman of the production council of one of the plants of the Mannesmann concern in Muelheim, has announced his enterprise's readiness to continue deliveries of pipe to the Soviet Union in spite of the pressure of the Carter government, which has persistently appealed to its West European partners for an economic boycott of the USSR.

Horst Schieffmann explained his position on trade with the Soviet Union as follows.

Because of the lack of new contracts, beginning in October last year the plant in Muelheim was forced to put more than half of its production workers on a short workday. Just at that moment a large order came in from the Soviet Union, which made it possible this March to bring the enterprise up to full capacity, which means that everyone kept his job. Altogether the orders from the USSR mean jobs for approximately 8,000 workers and employees.

"That is why we are categorically opposed to any sort of economic sanctions against the Soviet Union, which indeed could be turned against us ourselves," Mr Schieffmann said. "The workers must work, rather than hang around the unemployment office, where at the beginning of the year more than 1 million unemployed were already registered. Moreover, we should not forget the lessons of 1963, when the Adenauer government, following instructions from Washington, ordered an embargo on deliveries of large-diameter pipe to the Soviet Union. The only losers were the West German concerns Mannesman, (Krauss) and Phoenix Rhein-Ruhr, which were involved in filling the Soviet order. The result of this is well known: the Soviet Union cut back its trade with the FRG, intensified its cooperation with other countries, including capitalist countries, and arranged for large-diameter pipe to be manufactured at its own production facility."

"At the same time American petroleum monopolies, which at that time were 'helping' the FRG compensate for reduction of petroleum deliveries from the USSR, were gratified by this. American petroleum costs one-third more than Soviet petroleum.

"But perhaps the main thing is that confidence in the FRG as a reliable trading partner was undermined for long years...." It has taken more than 10 years to restore the situation. According to the results of 1979, as reported by the FRG Federal Statistical Bureau, the volume of Soviet-West German trade reached 13.6 billion FRG marks. This is 1.6 billion marks greater than in the previous year.

Beginning in 1974 the Soviet Union moved among the 10 largest trading partners of the FRG. The level of Soviet deliveries is as high as 40-50 percent for certain types of raw materials and fuel.

The Soviet Union is in turn receiving from the FRG machines, equipment, components, rolled steel products, metal pipe, and a number of products of the chemical industry. Exports of West German goods to the USSR reached a level of 6.5 billion FRG marks in 1979. Moreover, West Germany is delivering a volume of machines and equipment to the Soviet Union which is many times greater than deliveries by the United States. This means that the loss of the Soviet market will have a many times stronger impact on the stability of the West German economy than on the American economy.

"We should conclude from past experience that you have nothing to gain from politicizing foreign trade to aid the economic boycott. The complicated problems of world politics should not be solved with the instruments of foreign trade," Siegfried Mann, head of the Federal Alliance of West German industrialists, has declared.

When attempts are made in relations with the Soviet Union to resort to the methods of economic coercion, then, as history has repeatedly demonstrated, it is rather the initiators of such actions who come out on the short end. The doctrine of "a closed door to the East," which was in effect at one time, has proven to be too expensive to serve as a guide any longer.

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CSO: 1825

TRADE WITH LDC'S

SOVIET AID TO LDC'S, SOCIALIST COUNTRIES EXPANDING

UN Industrialization Conference

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 24 Jan 80 p 3

[Article by V. Zholobov, candidate of economic sciences: "From Lima to Delhi"]

Text/ In "Vig'yanbhawan," one of the best halls of the Indian capital, the Third General Conference of UNIDO (United Nations Industrial Development Organization) has begun. Taking part in its work are delegations from 102 countries, including the delegation of the Soviet Union.

For many developing countries the problem of industrialisation is closely connected with measures designed to overcome socioeconomic backwardness. Having been on the sidelines of scientific and technical progress for an entire historical epoch, these countries are compelled to ensure their own participation in international exchange at the price of enormous outlays of working time, plus the blood and sweat of the workers.

The UN's economic experts, who have prepared a number of documents for the Delhi session of UNIDO, consider that, granting the maintenance of the existing trends in the worldwide capitalist economy, the gap in the volume of the per capita GNP between the developed capitalist countries and the developing countries will not begin to decrease before the end of the present century. Such a situation took shape not only as a result of the severe consequences of the colonial past but is explained, to a considerable degree, by the intensification of imperialist exploitation during our own times. It is well known that young states taking part in the system of capitalist international distribution of labor every year lose from 50 to 100 billion dollars.

Under these conditions many state leaders of the developing world see a solution in intensive industrial construction. A number of countries (especially such large ones as India, Argentina, Brazil, Mexico, and Nigeria) consider that the production of the means of production is the most important task for them.

The idea of industrialization received a tangible impetus in 1975 at the Second General Conference of UNIDO in Lima. The task was proposed to the developing countries in its recommendations as follows: by the beginning of

the ensuing decade to achieve the output of 25 percent of the world's industrial production. Meanwhile, this figure amounts to only 8.7 percent.

What is the reason for such a slow industrial growth in the developing countries? It lies primarily in the negative point of view of the leading capitalist states. Imperialism developed a widespread campaign against the very idea of industrialization, utilizing for this purpose an entire arsenal of thought-up concepts and finely calculated practical measures. One such concept was that under the conditions of a worsening food-stuff problem and a certain rise in the prices of raw materials it was necessary for the young states, reportedly, to devote fundamental attention exclusively to agriculture. Specialists of the International Bank for Reconstruction and Development, where the leading role is played by the United States, the FRG, Britain, and other major capitalist countries, in its report on the status of the world economy for 1979 stated directly as follows: "Industrialization in and by itself is not solving the problems of the developing world. In order to achieve the goals of national revival, the encouragement of agriculture is a more suitable means."

The apologists for capitalism are agitating for specialization in the production of raw and agricultural commodities with all the consequences of dependence and exploitation which flow from this fact. There is also a rebirth of the old colonial theory of the so-called comparative production costs, which leads the economically backward countries to play the role of suppliers of raw materials. Trans-national corporations willingly export all manner of raw materials from the peripheral areas, but they place practically insurmountable obstacles in the path of exporting industrial goods from the developing countries.

In addition to bleeding dry the economies of the developing countries with the aid of an unequal system of international trade, the imperialist powers have drawn them into an exhausting arms race. Every year these countries are compelled to lay out tens of billions of dollars to buy western fighter planes, tanks, "earth-to-air" type missiles, etc. In Saudi Arabia, for example, a gigantic program of militarizing the country is being carried out. The creation of a "militarized city," designed for 70,000 soldiers, must cost 8.5 billion dollars, while the King Abdel Aziz Military Academy will add another three billion dollars to this sum. Analogous plans were carried out in Iran as well under the regime of the former Shah.

The Soviet Union and the other socialist countries participating in the UNIDO Conference have taken a clear and consistent position on the problems of industrializing the developing countries, advocating the creation of high-capacity industrial enterprises exclusively in the state sector of their economies. The promulgation of a similar policy has laid the cornerstone in creating an independent national economy, free from the negative influence of the world capitalist market. In 1978 alone 700 enterprises of various sectors in 48 developing countries were built or expanded with the cooperation of the Soviet Union.

As most of the UNIDO members see it, the principal goal of the representatives who have come to Delhi is to attempt to keep the present economic system in a state of stagnation, within which the imperialist monopolies can continue to exploit the developing countries.

Energy-Related Projects

Moscow STROITEL'NAYA GAZETA in Russian 24 Feb 80 p 4

(Article by Yu. Kazamanov: "The Hand of a Friend")

[Text] Soviet people are working at construction projects, plants, and factories not only in our country. Specialists from the USSR, our fellow-countrymen, may be encountered in many states of the world on almost all continents. Today, on Election Day, we are going to tell our readers about how builders are implementing the principles of international co-operation, as inscribed in the articles of the USSR's Constitution: socialist internationalism and the support of the peoples' struggle for social progress.

Our country supports the firmest economic ties primarily with those socialist states which are in CEMA. The role played by this organization is determined by the profound self-interest of the participants in utilizing the advantages of the international socialist division of labor. Designed for several years ahead of time, the cooperative programs of the CEMA member-countries provide for the development of key sectors in the economy.

In the first place, this pertains to the fuel-energy base. Such major projects as the construction of the "Soyuz" Gas Pipeline have already been carried out, and super-high-voltage electric-power transmission lines have been put into operation, for example, the Vinnitsa (USSR)--Al'bertirsha (Hungary) LEP (Electric-Power Transmission Line) and others.

In the future AES's (nuclear electric-power stations) will play a large role in guaranteeing power to the CEMA member-countries. By the year 1990 the total capacity of the AES's built with the technical aid of the Soviet Union in the European CEMA countries and the Republic of Cuba will reach 37 million kW (kilowatts).

Our country is also doing a great deal in order to strengthen its economic cooperation with the developing states of Asia, Africa, and Latin America, based on a commonality of interests in the struggle against imperialism and neo-colonialism, as well as a strict observance of equal rights and mutual advantage.

With the breakdown of the colonial system, dozens of newly independent states emerged into the international arena. Today the vast majority of

the world's population has achieved national independence and has entered upon the path of eliminating poverty and backwardness. And here it has become clear that political independence is only the first, necessary but still completely insufficient step on the path to full liberation from imperialist exploitation. The struggle for economic independence has been put on the agenda.

With Soviet aid more than 600 large industrial enterprises have been built in these countries. Another 460 are under construction. Among them are metallurgical plants in Nigeria, Algeria, India, Sri Lanka, and Turkey, an ore-enriching combine in Afghanistan, and an aluminum plant in India.

I would like to dwell in somewhat greater detail on the USSR's cooperation with this last-named country. The beginning of February marked the 25th anniversary of the signing of the Soviet-Indian inter-governmental agreement on building the metallurgical plant in Bhilai. During the years which have passed since the signing of this agreement Soviet-Indian economic co-operation has developed successfully.

With the aid of the Soviet Union more than 70 major projects have been built or are now under construction in India. Among them are metallurgical complexes, machine-tool plants, and enterprises for extracting and refining petroleum. They produce almost half of the equipment for metallurgical plants, a third of the petroleum products, and a fifth of the electric power. By the way, one remarkable detail with regard to petroleum-extracting enterprises in India is the following: Soviet specialists discovered petroleum deposits in this country after leading Western firms had come to the conclusion that India was lacking in major oil reserves which would make commercial extraction feasible.

The successful development of Soviet-Indian cooperation is also attested to by the steady growth of mutual commodity exchange. If in 1954 this amounted to only 17 million rupees, last year it had already reached 16 billion rupees.

Another southern neighbor of the USSR is Afghanistan. Friendly relations have linked the USSR with this country for more than 60 years now. With the aid of our country 71 objects of various types have been built here. The operative Soviet-Afghan agreements on economic and technical cooperation have provided for the creation of 60 more enterprises. Included among them are the above-mentioned mining and ore-enriching combine, based on a copper deposit, an oil refinery, and two electric-power transmission lines, running from the Soviet border to the cities of Mazari-Sharif and Kunduz.

Planned for the near future are the start-up of a gas industry, the construction of a cannery for agricultural products, and several other projects.

From the examples cited above one can conclude that the Soviet Union's aid has been directed primarily at creating an industrial base for the key industrial sectors of the developing countries, for this is the foundation for solving important economic problems, for overcoming backwardness, and, consequently, for strengthening economic and political independence.

I would like to mention two more countries, which are extremely distant from our Motherland but where our fellow-countrymen are also working successfully. I am referring to the construction of a number of hydroelectric power stations on the South American Parana River, flowing through the territory Brazil and Argentina. The Soviet Union supplied and carried out the installation of several turbines for these electric power plants. An appropriate contract was signed with our country, although there were quite a few applicants from among Western firms.

There is yet another particularly notable characteristic in the Soviet Union's relations with young states. This is the training of specialists for the developing countries. Moreover, we are training them not only in our own country. Soviet instructors aid in training national staffs for the developing countries as well directly on those projects which are being built with the aid of the USSR. And in a number of instances special educational institutions were built. Here we might mention the polytechnical institute in the city of Bahir-Dar in Ethiopia, similar institutions in Guinea, Tunisia, and a number of other countries.

Today, when in certain Western countries a malicious campaign has been unleashed with the aim of discrediting the USSR's policy with regard to the developing countries, certain organs of bourgeois propaganda are attempting to disseminate false information as well regarding the economic relations of the socialist states with the developing countries. These purveyors of false information have set as their goal to prove that for these countries it would be, so to speak, not advantageous to cooperate with the Soviet Union.

In general, the facts have been turned upside down. The actual situation is as follows: the USSR and the other socialist states have established a new type of economic relations with the developing countries, opposed in principle to the policy of the capitalist states and the practice of the multi-national monopolies.

Hopeless indeed are the vain attempts by our country's foes to blacken these new relations between the world of socialism and the young, independent states.

2384
CSO: 1825

TRADE WITH LDC'S

BRIEFS

USSR-PDRY TRADE AGREEMENT---(TASS)--A protocol on commodity exchange for the year 1980 between the USSR and the People's Democratic Republic of Yemen was signed in Aden during the course of a visit to Democratic Yemen by a Soviet delegation, headed by I. T. Grishin, Deputy Minister of Foreign Trade. This protocol provides for a considerable increase, as compared with last year, in the supplies of Soviet goods, including consumer goods. In accordance with the document signed, the South Yemen side, in turn, will expand its export to the USSR of a number of items which are traditional for this country. During the course of the Soviet delegation's negotiations with the Minister of Finances, Makhmud Said Nadhi, and the Minister of Trade and Supply, Ahmed Ubeid Fadli, the two sides discussed prospects for the further development of cooperation in the field of trade, including prospects for concluding a long-term agreement on commodity exchange between the USSR and the People's Democratic Republic of Yemen. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian no 5, Jan 80 p 20] 2384

CSD: 1825

END

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USSR REPORT: Construction and Equipment
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USSR REPORT: Energy
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USSR REPORT: Consumer Goods and Domestic Trade
USSR REPORT: Human Resources
USSR REPORT: Transportation
USSR REPORT: Translations from KOMMUNIST*
USSR REPORT: PROBLEMS OF THE FAR EAST*
USSR REPORT: SOCIOLOGICAL STUDIES*
USSR REPORT: USA: ECONOMICS, POLITICS, IDEOLOGY*

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USSR REPORT: Life Sciences: Effects of Nonionizing Electromagnetic Radiation
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